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William Stevens Fielding

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BUDGET SPEECH^[es]

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
referred

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

(THURSDAY, 22ND APRIL)

1897 - 1904



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BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, THURSDAY, 22nd APRIL, 1897

WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Mr. Fielding) moved :

That the House resolve itself into committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

He said : Mr. Speaker, I avail myself of this motion to address to the House such observations as may seem to be necessary at the present time in explaining the financial position of the Dominion ; and also to submit to the House the details of the tariff policy which, in the judgment of the Government, is best calculated to promote the welfare of the people of Canada. I feel sure that, as I proceed, I shall have abundant reason to ask the generous indulgence which the House is always ready to accord to one who, for the first time, undertakes a task of so great magnitude, a task which to me, I confess, is all the greater when I remember the long line of able and distinguished men who have preceded me in the office of Minister of Finance.

THE FISCAL YEAR 1895-96.—REVENUE.

My first duty will be to deal with the affairs of the fiscal year which ended on the 30th of June, 1896 ; and this portion of my speech must of necessity be of a statistical character. It will not be necessary for me to occupy the time of the House at great length in regard to the year 1895-96, because the House has already been placed in possession of

the principal points of interest through the public accounts and the appropriation accounts which have already been laid on the Table. In each of the three classes into which our revenue is usually divided, namely, customs, excise and miscellaneous, there is a marked increase over the year of 1894-95. The amount of that betterment I will give in detail :

Service.	1895-96.	1894-95.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Customs.....	19,833,279 48	17,640,466 00	2,192,813 48
Excise	7,926,005 94	7,805,732 71	120,273 23
Miscellaneous.....	9,859,395 30	8,531,930 76	327,374 54
Total.....	36,618,590 72	33,978,129 47	2,640,461 25

The total revenue of \$36,618,590 fell short of the estimate made by my predecessor in his financial statement of 31st January, 1896, to the extent of some \$370,000. Now, taking the report of my hon. friend the Controller of Customs as my authority, it will be found that on nearly all the general lines of imports we have received increased revenue over the year 1894-95. The following, however, are the main items of increase, sugar, of course, being the principal :—

Grain of all kinds.....	\$ 42,902
Flour and meal of all kinds.....	38,381
Carriages	211,737
Coal and coke.....	56,222
Cotton, manufactures of.....	111,794
Drugs, dyes, chemicals and medicines...	21,786
Flax, hemp and jute, manufactures of...	41,297
Fruits and nuts, dried.....	17,915

Fruits and nuts, green	11,549
Hats, caps and bonnets.....	13,472
Iron and steel, and manufactures of.....	223,123
Leather, manufactures of.....	11,683
Oils, coal, kerosene, and products of.....	18,597
Oils, all other.....	14,377
Paints and colours.....	10,024
Provisions, viz., butter, cheese, lard and meats	17,059
Seeds and roots.....	14,608
Silk, manufactures of.....	97,527
Soap of all kinds.....	10,351
Spirits and wines.....	84,754
Sugar of all kinds.....	394,423
Wood, and manufactures of.....	21,033
Wool, and manufacturers of.....	231,569

Of the comparatively few classes of goods on which the customs revenue declined, the following may be cited :

Arrowroot, biscuit, rice, macaroni, &c....	\$ 38,395
Fancy goods.....	14,131
Glass, and manufactures of.....	18,485
Gutta percha and india-rubber, manufactures of.....	20,265

The second principal source of taxation, excise, shows an advance in the receipts from this important branch of our service. Of the different items included under this heading, tobacco and snuff proved the only cases in which the revenue fell behind that of the previous year. The following statement will exhibit the quantities taken for consumption, and the duties accrued thereon, of the several excisable items :—

the per capita consumption for the years 1895 and 1896 :—

	To-Spirits.	Beer.	Wine.	Bacco.
	Galls.	Galls.	Galls.	Lbs.
Average from 1867...	1·037	2·900	·131	2·170
do 1894-95.	·666	3·471	·090	2·163
do 1895-96.	·623	3·528	·070	2·120

From the miscellaneous sources of revenue the most important increases occurred in post office, \$171,225.39 ; interest on investments, \$33,953.62 ; and casual, \$121,412.32.

On the whole, therefore, the revenue in 1895-96 showed a buoyancy and expansion in marked contrast to the year 1894-95

EXPENDITURE.

Having so far given our attention to what was received into the treasury, let us now turn to the other side of the account, the expenditure. My predecessor estimated that the outlay for 1895-96 would amount in round numbers to \$37,000,000, and that the receipts and expenditure would about balance. The actual expenditure was within \$50,000 of the estimate and amounted to \$36,949,142.03, but as the revenue fell short of expectations, instead of both sides of the account balancing there has again occurred a deficit amounting this time to \$330,551.31. Compared with the expenditure of 1894-95,

Article.	Quantity.	Quantity.	Duty.	Duty.	Increase.
	1895.	1896.	1895.	1896.	1896.
Spirits, galls.....	2,545,054	2,344,767	\$3,870,752	\$3,973,300	102,548
Malt, lbs.....	50,659,627	51,690,278	759,929	773,354	15,425
Cigars, No.....	106,131,294	108,290,200	635,028	648,462	13,434
Cigarettes, No.....	60,628,140	80,461,900	99,913	120,692	20,719
Tobacco and snuff, lbs... .	9,568,437	9,392,487	2,267,738	2,228,697	.....

Showing a decrease in tobacco and snuff of \$39,041.

It is worth noting at this point that according to the report of the hon. Controller of Inland Revenue the per capita consumption of spirits and wines in 1896 reached the lowest point since confederation. The per capita consumption of spirits being ·623 gallons ; and of wines, ·070 gallons against an average of 1·037 gallons of the former and ·131 gallon of the latter. The following statement gives the average per capita consumption from 1867 to 1896, and

the year that elapsed on 30th June last, was remarkable for a distinct decrease in the public outlay, a decrease amounting to \$1,182,863.02. The decreases were pretty generally spread throughout the various services, but the following are the most important heads :—

Premium, Discount and Exchange.....	\$ 34,099
Civil Government.....	25,599
Legislation	26,882
Penitentiaries	64,372
Immigration	75,453
Militia	437,300
Mounted Police.....	113,111
Public Works, Consolidated Fund.....	442,548

Railways and Canals, Consolidated Fund	126,272
Ocean and River Service.....	\$ 23,640
Indians	74,995
Customs	21,299

As against these reductions the following increases must be noted :—

Interest on public debt.....	\$ 36,135
Sinking funds.....	52,976
Superannuation	45,846
Mail subsidies and steamship subventions	21,648
Government of North-west Territories...	27,076
Post Office	71,363
Railways and Canals, collection.....	122,099

Notwithstanding the contraction of the expenditure the net outcome of the year was a deficit in the ordinary running expenses of the country as above stated of \$330,551.31. The deficit for the year 1894-95, you will remember, was \$4,153,875.58.

THE CURRENT YEAR, 1896-97.

Having reviewed the main features of the accounts of the Dominion for the year ended 30th June, 1896, I must now ask your attention to the condition of affairs of the present fiscal year of which nearly ten months have elapsed. First, let me give you as briefly as I can, my estimate of the result of the year's operations, taking the actual figures for the period elapsed, and adding thereto the figures appertaining to the period from 20th April to 30th June of the previous year, making such allowances as the altered circumstances prompt.

Taking up the revenue side first I find that up to the 20th April—that is up to last Tuesday night—we received as ordinary revenue \$30,254,403.74. Adding to this for the purposes of estimate, the actual receipts between 20th April and 30th June of last year \$7,892,251.81 would give us probable receipts to the amount of \$38,146,655.55. But this I consider beyond the mark for this reason. The income from excise has been unduly swollen by reason of duties paid in anticipation of tariff changes, that must necessarily affect the revenue for the balance of the year, and in our customs receipts there has been a development in the last couple of months that must likewise affect materially the year's results. I am convinced, therefore, that to arrive at a safe and reasonable estimate I must drop \$850,000 from the \$38,146,655, given above. In round numbers, therefore, our income to 30th June next will, I expect, reach \$37,

300,000. Let us deal now with the expenditure in a similar manner. Up to the 20th April, instant, we have expended \$25,463,830.05. In the period from the 20th April to the 30th June, 1896, we expended \$12,393,949.37. Summing these two up, we have the estimated expenditure to the 30th June next as \$37,857,779.40; or say in round numbers, \$37,850,000. I have just estimated the revenue to be \$37,300,000; so that you will see, Mr. Speaker, that if I were to take these figures as being exact, we might expect to close the present year with a deficit of not a very large sum.

CAUSE OF INCREASED EXPENDITURE.

As I have already stated, the actual expenditure for the year 1895-96 was \$36,949,142, or in round numbers \$37,000,000; so that the anticipated result of this year's expenditure will be greater than that of last year by \$850,000. Now, I think it will not be out of place at this point to state the reason for this increase. Taking the detailed services, I find the responsible increases to have taken place on : Interest on Public Debt, Legislation, Militia, Public Works and Post Office. What are the reasons for the increase in each of these services ?

Mr. FOSTER. Will my hon. friend permit me. Do I understand him to say that he estimates the deficit to be \$850,000 ?

The MINISTER OF FINANCE. No. If I were to accept the figures that I have given as exact, they would lead me to expect that we might reach the end of the year with a deficit of perhaps \$500,000 or \$600,000. I wish to say further that that might be too sanguine a view, and I would not wish to be bound closely by it. I think we will have to make further allowance for the uncertainties of our trade during the two remaining months. I shall not be far astray if I say we will come out of the year with a deficit well within a million dollars, and I shall not be surprised if it does not exceed \$600,000.

In the case of the Interest on Public Debt we had to discount additional treasury bills to the extent of £600,000, necessary to meet liabilities incurred previous to the present Ministry coming into power.

In Legislation, you will remember, we had an extra session of Parliament last August.

In Militia, owing to the undoubtedly desire on the part of the late Government to make a show of retrenchment, the usual militia camps for 1895-96 were omitted, making it all the more necessary in the following year that this important service should receive the more attention.

In Public Works, the appropriations were cut down below what was needed for works actually in progress, with the result that we have had to pay during the current year for work done in 1895-96.

In the case of the Post Office, a similar cause produces a similar effect. Accounts for 1895-96, for work done chargeable to that year, were held over and not paid until the present year.

This current fiscal year, Mr. Speaker, is the one in which we enter fully into possession of the legacies left us by our predecessors in office, and may I repeat what I have already stated on the floor of this House, in some observations which I had the privilege of addressing during the summer session. I then said :

It will not be until this fiscal year is completed, until we have paid the debts of the hon. gentlemen opposite, and entered upon a new year for which we shall prepare the Estimates ourselves and have full and complete control of them, that we shall be in a position to make comparisons.

My hon. friend who leads the Opposition declared in some remarks on the closing day of our summer session, that this country was face to face with a deficit in the first year of the present Ministry of not less than something like \$3,000,000. I ventured to say to my hon. friend then, that I thought he was playing the part of an alarmist. Notwithstanding the legacies that have been left us by hon. gentlemen opposite we expect to keep within their leader's estimate, and to go below it, to the extent of \$2,000,000 or \$2,500,000.

TEMPORARY LOANS.

While on the subject of the current year's affairs, I may refer to the extent of our temporary indebtedness. On the first of July last treasury bills to the extent of £400,000 sterling were negotiated by our predecessors in office. These were renewed on the 1st of January last, and to meet the requirements of the country a further sum of £600,000 in treasury bills was issued ; so that to-day our temporary loans amount

to £1,000,000 sterling, maturing on the 1st of July. In the course of some remarks at the close of last session, my hon. friend (Mr. Foster) who preceded me as Finance Minister, stated his belief that before this year was out I would have to borrow on the market at least \$10,000,000 to make things square, and that the money so borrowed, would in the main, go, not for capital expenditure, but actually to meet our daily needs. The position of my hon. friend (Mr. Foster) as an ex-Finance Minister entitled that prophecy to consideration, but I hope he will be pleased to know that he was very far astray. Instead of having to borrow as he anticipated \$10,000,000 to meet current expenditure, he may be pleased to be assured, that all we have had to borrow is £600,000 sterling, and that that sum was necessary, not for one service only, but to put us in funds for all the charges against both capital and ordinary expenditure.

DEBT AND CAPITAL EXPENDITURE.

So far, Sir, I have dealt with the expenditure chargeable to consolidated fund. I now turn to the debt and capital expenditure of 1895-96 and 1896-97. The capital expenditure for 1895-96 was incurred under the following heads :—

Railways and Canals.....	\$2,519,174	51
Public Works.....	114,325	58
Dominion Lands.....	82,184	15
Militia	1,000,000	00
Total.....		3,716,184 24

We also paid to the Canadian Pacific Railway, \$68,669.49, and on railway subsidies, \$834,745.49 ; making a total of altogether, \$4,619,599.22.

To arrive at the increase in our debt for the year, we have to add the following items that affect the debt : Quebec railway subsidy, shown first as liability in 1895-96, \$2,394,000 ; deficit of 1895-96, \$330,551.31 ; sundry amounts chargeable to consolidated fund, \$137,185.19 ; making in all, \$7,481,335.72.

From this, however, we must deduct the expenditure for sinking fund, and a small refund of \$542.52 on account of the Northwest rebellion expenditure, making \$2,055-\$30.04. Taking this from the \$7,481,335.72, above mentioned, we have \$5,425,505.68, which represents our increase of debt for the year 1895-96, and that debt stood—that

is the net debt—on the 30th June last stood, at \$258,497,432.77.

Mr. FOSTER. Is my hon. friend going to make any further explanation with reference to the Quebec debt of \$2,394,000?

The MINISTER OF FINANCE. I do not know that any explanation is called for. My recollection of the fact is that the amount was originally placed to the credit of the province of Quebec and they were entitled to draw the interest. It was granted to them, if my memory serves me, as practically a refund of railway subsidies, and I think there was much to be said in favour of treating it as a railway subsidy, and placing it in the Public Accounts along with other railway subsidies. Very possibly that was not the view, and at all events it was not done; but upon a subsequent occasion—the hon. member will perhaps remember the year—an Act was passed whereby the capital sum was placed to the credit of the province of Quebec, and that province was free to withdraw that capital sum whenever it so desired. If that was the fact, it properly became an obligation of the Dominion, and should have appeared in the debt account.

Mr. FOSTER. But my hon. friend will agree with me that that was not a liability which was incurred in 1895-96. In reality, it belongs to 1883-84. It is simply a change of book-keeping.

The MINISTER OF FINANCE. I quite agree that it is not a new liability. It is an old item, which I think my hon. friend should have included in the debt account some years ago.

Mr. FOSTER. That is a fair question for argument.

The MINISTER OF FINANCE. I do not wish to convey the idea that it is a new liability. It is, as the hon. gentleman says, a mere matter of book-keeping. If it was an obligation of the Dominion, I think it should have appeared in the debt account.

Mr. FOSTER. But my hon. friend will remember that a change took place under legislation which was passed the year before last, in this House and in the Quebec House, which was the only reason for making a change in book-keeping.

The MINISTER OF FINANCE. Passing to the current fiscal year, our expenditure for capital purposes, which up to the 20th April reached \$2,823,078, will probably, by the end of June next, be in the neighbourhood of \$3,425,000.

To arrive at the probable effect of the whole year's operations on the net debt, we will have to add to this the probable deficit, which may perhaps be placed as low as \$550,000, though I hesitate to commit myself to an amount so low. But if we take that figure as correct, we would then have to charge against capital account \$3,975,000. But as this includes the amount of our investments for sinking funds, which, while an expenditure on one hand, must be regarded on the other as an asset, we must deduct the estimated investments to the 30th of June, \$2,214,000, leaving an anticipated net increase of the debt of, in round numbers, \$1,750,000. In all the foregoing I have kept well within the limit of fair estimate, and any marked improvement in our revenue between this and the 30th of June next, will of course ameliorate to that extent my estimated deficit, and increase of debt.

THE FISCAL YEAR 1897-98.

Having, Sir, occupied so much time with the two preceding years, I now turn to the year 1897-98. With regard to the expenditure of 1897-98, my expectation is that, while undoubtedly supplementary Estimates will be brought down, the savings in the Estimates—that is, unexpended balances which always arise owing to expenditures not being carried out as proposed, and to amounts being carried over by re-votes and otherwise—will be considerable. At this moment we are not, of course, in a position to state what the amount of our supplementary Estimates will be, but I hope they will not be large. If we take into account the savings to be made in the way I have indicated, I think they will nearly represent the outlay under the supplementary items; and it would not be far astray to estimate for the year an expenditure of about \$38,250,000.

On the basis of the present tariff, and looking at the probable results of the present fiscal year, it would appear as if the revenue for 1897-98 would be in the

neighbourhood of \$37,500,000, which would on its face leave a deficit of \$750,000. It is of course neither desirable nor desired that there should be any deficit. We have had deficits now for three years in succession, and we all agree that we should, if possible, avoid a continuation of such an unsatisfactory condition of affairs. Before I conclude, I will show what steps we propose to take to make up the additional sum required to meet the anticipated deficiency. Taking the capital expenditure for 1897-98 at \$5,000,000, and deducting the expenditure for sinking fund investments of \$2,300,000, it would appear that the results of the operations of the year 1897-98 would increase the net debt to the extent of about \$2,700,000.

COMPARISON WITH 1896-97.

Before passing on to another subject, I may perhaps occupy the attention of the House for a few moments while I dwell upon the fact that the expenditure asked for next year, in comparison with the expenditure of the present year, appears to be beyond what would be supposed to be required. If hon. gentlemen will recollect, in the year 1895-96, the last year for which full returns have been issued, the expenditure was in round numbers \$36,949,000. This diminished outlay was arrived at, I think I am justified in saying, by the postponement of necessary expenditures. As before pointed out, the militia camps were dispensed with, and bills of various departments were held over. The expenditure, therefore, of that year cannot at all be regarded as a normal expenditure. It will be recollected that in the Estimates that my hon. predecessor in office laid on the Table of this House during the first session of 1896, he asked for a service on consolidated fund account of \$38,300,000; and, in addition to that, although it has been said that they were not settled upon by the Government and were not presented to the House, there were supplementary Estimates to be brought down, of which we have heard something in past debates. I know that my hon. friend has desired it to be understood that those Estimates had not received the sanction of the Government in all respects, and he has not been willing to be held responsible for them; but at all events he

will, I am sure, admit that a considerable portion of those Estimates had become public property, inasmuch as hon. gentlemen who had the confidence of the Government thought proper to assure their friends in different parts of the Dominion that the expenditures contemplated under those Estimates were to be made. When we came into office, we found large estimates prepared in the departments, and we cannot suppose that they were prepared without any intention of their forming part of the expenditures of the year. If we add to the main estimate of \$38,300,000 above given the probable amount that would have been asked for in supplementary Estimates for 1896-97, it will be found that the expenditure asked for by me next year, say \$38,250,000, is much less than the probable sum that would have been asked for had hon. gentlemen opposite remained in power.

Mr. FOSTER. Rather speculative.

The MINISTER OF FINANCE. My hon. friend says that is rather speculative, and he laughs at the idea that those supplementary Estimates represented expenditures. I regret that he does so, because he laughs at his friends who on every hustings throughout the Dominion represented that those expenditures were to be made; and, as many of those gentlemen are no longer here to meet him, I do not think he should laugh at them in this way to-day.

HISTORY OF THE CONSERVATIVE NATIONAL POLICY.

Now, Mr. Speaker, having said so much in explanation of our financial position, it becomes my duty to turn my attention to what I am sure is a more interesting part of the subject; that is, the new tariff that we are about to submit. Before I proceed to speak of that tariff, I think it is well that we should reflect for a moment on the history of the present tariff, commonly called the National Policy.

Mr. FOSTER. That is a new version, I suppose.

The MINISTER OF FINANCE. My hon. friend will find that it is not my habit to give new versions of things which are always the same. I cannot hope, Sir, to offer anything that is new on the subject, because I know it has been well threshed

out in this House again and again by men abler than myself. But I think that at a moment when we are about to turn away from the policy which I regard as a mistaken one, we shall do well to make some reference to that policy and to the circumstances under which it came into existence. I suppose it will not be questioned that at the time of the union of the provinces, one of the most serious obstacles which the promoters of that great movement encountered was the difficulty on the tariff question. The lower provinces were firm believers in the policy of free trade, as the words were understood; at all events, in favour of the policy of a low tariff. The upper provinces—Old Canada—had a tariff which the maritime people regarded as somewhat high, though I am bound to admit that, in comparison with tariffs of later years, it was very moderate. But I am sure the hon. leader of the Opposition (Sir Charles Tupper), who was intimately and prominently connected with the movement for confederation, will bear me out when I say that the tariff question was one of the great causes of difficulty in bringing about the union of the provinces. The hon. gentlemen who desired to promote that movement found it necessary to give to the people of the maritime provinces the most sacred and solemn assurance that if this union could be accomplished, the maritime provinces would not have to assume the burden and responsibility of a high tariff. True, you will not find that in the British North America Act, but I venture to say it was an unwritten treaty between the promoters of the union and their friends in the maritime provinces. It is but fair to say that, in the beginning, that treaty was observed. The first tariff of confederation was a moderate tariff, and although a year or two later it became necessary to change the duties somewhat in the interests of revenue, there was no substantial departure from the terms of what I have described as the unwritten treaty with the lower provinces. It was not indeed until 1876, or about that time, that the question of a high tariff gravely occupied the attention of this House. True, in 1870 the question of protection had been mooted, and a policy of protection, as respects a limited list of articles, had been adopted,

but that policy was abandoned in 1871, and from that time down to the moment at which the Government of the late Sir John Macdonald retired from office, no further movement was made in the direction of what was called a protective tariff. It was not until the Government of Sir John Macdonald had been defeated and Mr. Mackenzie was in power, it was not until a period of great depression had come upon the country—not upon Canada alone, but the world at large—it was not until there were conditions well calculated to make people anxious in Canada, as well as elsewhere, as to the business prospects of the country, that any serious movement took place in Canada for the establishment of a protective tariff. It is well known that the manufacturers came to Mr. Mackenzie between 1874 and 1878, and proposed to him that he should increase the tariff. No doubt they thought that they were correct; no doubt they believed that prosperity would result from the adoption of a protective system, and, therefore, desired that Mr. Mackenzie should yield to their views. But we all know that Mr. Mackenzie refused to do so. Now, I believe that Sir John Macdonald was up to that time as good a free trader as Mr. Mackenzie. I have seen no evidence that he ever deliberately adopted the policy of protection with the intention of adhering to it as the fixed policy and principle of the Conservative party. On the contrary, I believe that he was tempted to yield to it for the moment by the clamour that was raised by the protectionists, and the belief that he might be returned to power. But if we refer back to the discussions of these days, we will find that in the resolutions submitted and the speeches made by Sir John Macdonald and his followers, the whole question of protection was treated in a very tender way indeed, and the resolutions for which the Conservative party voted at that time were resolutions which might mean almost anything. They were protectionist, it is true, but the platform was one which enabled a Minister of the Crown to go down to the maritime provinces and offer himself for election on it as the "champion free trader." I mention this to show that the policy of protection was not deliberately adopted even by the Conserva-

tive party, but was the outgrowth of political difficulties in which the leaders of the Conservative party, I think erroneously, permitted themselves to be led away from the old faith; and I venture to say now that, in the light of history, many Conservatives of this country look back upon that departure with regret. Though they supported the National Policy believing it would be instrumental in developing the best interests of the country, they will admit to-day that it was a policy of disappointment, and that, in all probability, Canada would have prospered more if she had adhered to the policy of a low tariff.

WHAT PROTECTION WAS EXPECTED TO DO.

I have pointed out that the Conservative party adopted the policy of protection at a time of considerable depression, when there was too much disposition, I am afraid, on the part of the people to take up any nostrum which seemed to give promise of a better state of things. But we may well ask ourselves to-day, what were the inducements that were held out to the people to accept that policy? I shall not detain the House by going through all the predictions which were made and the expectations which were created, but some of the things which occurred at that time may well be mentioned. One of the most important and one of the most common arguments used was that a protective tariff, though probably not a very good thing in itself as a permanent policy, would be a good policy to adopt temporarily. If you will give, they said, these infant industries protection, they will, in a very short time, become strong and vigorous and be able to stand alone without protection. Well, Mr. Speaker, we are able to deal with that argument to-day in the light of experience. We have had eighteen years of pretty high protection, carried into effect under conditions as favourable as could be wished for in Canada, and what has been the result? These infant industries have grown bigger and their voice stronger, but their voice still cries out that if the nursing bottle be taken from them, they will immediately perish from the face of the earth. And so we find that the argument then used, that the policy of protection was only intended to

encourage infant industries, and that for a short time, has not proved correct.

Then we had another strong temptation to adopt the National Policy. There was a very strong desire among the people for a reciprocity treaty with the United States, and hon. gentlemen opposite thought they could do nothing better than use the reciprocity cry to help them to make the National Policy acceptable. The hon. leader of the Opposition (Sir Charles Tupper) went down to the maritime provinces, where the idea of reciprocity was very agreeable to the people, and gave the electors there the assurance, with all the vigour we know he is capable of, that if they would accept the National Policy, he would undertake to bring about reciprocity with the United States within two years. On another occasion, later on, my hon. friend extended the time one year—he only wanted three years to bring about a reciprocity treaty. Well, we have had eighteen years of the National Policy and I am sure my hon. friend will not dissent when I say that in the last year of the Conservative term of office, they were farther away from reciprocity than they ever were during any previous year of their existence.

THE TEST OF POPULATION.

I think that the National Policy may very properly be tested to-day in the light of all these promises. But there was another promise made which was of greater importance. I think that the strongest argument used by my Conservative friends in advocating the National Policy was that it would increase the population of our country. I think that this test of population, which has so often been applied before, may well be applied for a few moments again, because I think the lesson is full of importance and cannot be applied too often. The policy which was inaugurated in 1879, and which had been previously known in 1870, for a short time, as the National Policy, told the people in very glowing terms what it would accomplish and lead to. It was to remove distress whether in agriculture or manufacturing,—and distress did exist, as had to be acknowledged, during the period that Mr. Mackenzie was in power—and it was to lead to great prosperity and the rapid up-building of the

country. Immigrants were to flow in and employment was to be furnished for all. The present leader of the Opposition (Sir Charles Tupper) said that this was the supreme test of prosperity :

If we are to have a country at all,—

said he, as reported in the "Hansard" of 1877, page 167—

—it must be by bringing people into it. It is our policy to bring people into our country and to furnish employment for them when here, and that is the only policy by which Canada can hope to attain any position of importance in the world. We must have a large and extended immigration and give work to people when they come here.

Taking population as the test of prosperity, the results of the census of 1891, the last official figures to hand, were certainly disappointing. I have here the official figures. In the province of Ontario, in 1871 the population was 1,620,851. In 1881 it had increased to 1,926,922, an increase of 18·6 per cent. In 1891 the population had grown to 2,114,321, an increase of 9·73 per cent, as compared with 18·6 per cent in the previous ten years. In the province of Quebec the increase of population from 1871 to 1881 was 14 per cent, and from 1881 to 1891, 9·53 per cent. In the province of Nova Scotia the increase in the first period was 13·6 per cent, and in the second it was 2·23 per cent. In the province of New Brunswick, from 1871 to 1881, the population increased 12·4 per cent, and in the next ten years it increased 0 per cent. In the province of Manitoba the increase from 1871 to 1881, was, of course, very large, as this was in the early history of that province. The increase in those years was 247 per cent. In the next ten years the increase was 144 per cent. Of course, I do not think the same force would attach to this comparison, because the country having just been opened up, the rush of population would naturally be somewhat larger than afterwards. But I am sure that even in regard to Manitoba the census returns must have been sadly disappointing. The province of British Columbia increased in a larger degree from 1881 to 1891, than in the previous decade, the increase for the earlier period being 36·4 per cent, and for the later, 98·49 per cent, a large increase in that province, as we should acknowledge. In Prince Edward Island, the increase from

1871 to 1881 was 15·8 per cent, and from 1881 to 1891, it was 0·17 per cent. In the Territories the comparison is not given so closely, and I cannot give the percentages. The increase disclosed by the census of 1881 for the whole Dominion was 18·97 per cent, and by the count of 1891 it was 11·76 per cent, a decrease in progress of a little over 7 per cent. The growth of the country, therefore, in point of population was much slower under the National Policy than it was during the period before that policy was put in operation. Eliminating the new portions of the Dominion, and considering the provinces of old Canada, which include the whole population except about 400,000, the results are still more disappointing. According to the census figures that I have given the increase in these provinces was exceedingly small. In point of population the growth of the older provinces from 1871 till 1881 was more than three times as great as it was during the decade spent wholly under Conservative rule and wholly under a protective tariff. The population of the maritime provinces in 1871 was 787,000, and in 1881 it was 870,000, an increase of 103,000. In 1891 the population of those provinces was 880,000, an increase of only 10,000 people in ten years. At the rate of 2 per cent per annum, the natural increase of 870,000 persons would be 174,000, instead of the actual increase which we find. In other words, the increase for ten years in the maritime provinces was less than the natural increase for one year. The aggregate population of the three chief cities of the maritime provinces, Halifax, St. John and Charlottetown, in 1881, was 73,712. In 1891 it was 74,113, an increase of 400 souls in ten years. This National Policy was to do great things for the farmer. The number of farmers and farmer's sons engaged in farming, by the census of 1881, was 656,712, and, by the census of 1891, it was 649,506, a decrease of 7,206. The numbers increased in British Columbia and the North-west Territories, but the old provinces show a decrease in the number of farmers, during this ten year period under the National Policy, of 36,042. The decrease of farmers in Ontario was 2·5 per cent, in Quebec 4·6 per cent, in Nova Scotia 15·9 per cent, in New Brunswick 15·8 per cent and in Prince Edward Island 1·3 per cent.

The rate of natural increase which can properly be credited to a country like Canada is about 2 per cent per annum, or 20 per cent in ten years. So, by adding one-fifth to the population of 1881, and by adding also the immigrants, we get the population that should have been found here in 1891. The natural increase on the whole population of 1881 is 865,000, and the number of immigrants officially certified as entering the country during the decennial period ending 1891, was 886,000, making a total increase of population of 1,751,000. But the actual increase found by the enumerators was only 509,429, thus showing a loss of 1,241,000. If the anticipations of the promoters of the National Policy had been realized our own people would have remained with us and all these immigrants as well. So that, estimating the loss of population as compared with the gain we would have had if predictions had been fulfilled—it might fairly be claimed that the natural increase of those who went away should also be taken into account, but even omitting this—that loss amounted to about one and a quarter millions of souls. The total foreign-born population in 1881 was 609,348, or 14.3 per cent of the total population. In 1891 the total was 645,507, a little less than 14 per cent, the increase in numbers being 36,159. The number of immigrants already stated as arriving in the country in the ten years from 1881 to 1891, was 886,000. So, the loss of immigrants was 850,000. These general results are borne out by the details. The census found fewer Irish and Scotch in Canada than ten years ago. The Scotch decreased by 8,000, and the Irish by 36,000. During the same period no less than 655,000 immigrants left Ireland and went to the United States. The immigration into Manitoba and the Northwest from 1881 to 1890, both inclusive, numbered, according to the blue-books, 258,814. The population in 1881 was 118,706, which with the 258,814 of official immigrants, should have enabled the enumerators to find at least 377,520 residents in the Territories and Manitoba; all they did find was 254,164, a loss of over 122,000 settlers. As the Department of Agriculture reckoned each settler as having a value to the country of \$1,000, there is a loss to the country of 122 millions, if we are to accept those figures.

The following are some of the places in Ontario where there was not only a failure to retain the natural increase, but an actual decline in numbers: Cobourg, Goderich, Dundas, Bowmanville, Amherstburg, St. Catharines, Port Hope, Ingersoll, Napanee, Strathroy, Paris, Prescott, Whitby, Kincardine, Mitchell, Port Perry, Thorold, Dunville, Harriston and Fergus. Most of these had a steady growth from 1871 to 1881; and if the predictions of the National Policy had been even partially fulfilled, all these towns, among the most thriving in Ontario, would have prospered exceedingly and furnished the home market to the farmers that they were led to expect. Dundas was a prosperous manufacturing town, and increased by several hundreds up to 1881; but that growth was stopped and it declined in population until, in 1891, there was some two hundred less than in 1881. Now, I believe these census returns are of the utmost importance, and they are a proper subject of discussion, because it was claimed that the National Policy was to be the instrument whereby the population was to be increased, whereby our young people would be prevented from going away, whereby immigrants would be brought to the country; yet from these figures, which, as I have shown, are official, I fail to see how any thoughtful man could doubt, from the moment those returns were published, that the National Policy had failed to accomplish its purpose. Prior to the publication of those returns, many intelligent people who had not given the subject serious consideration were no doubt convinced in their own minds, partly through party zeal and partly, I suppose, from reading the public press, that the National Policy was filling up the country; but when these census returns were brought down, then every thoughtful man in the country must have understood that the National Policy had been a very great failure, and indeed a bitter disappointment to every man who had honestly supported it. My hon. friend who leads the Opposition was High Commissioner in London at the time; and in his official report, in 1892, he felt obliged to make this sad statement:

I need hardly say that the returns of the census in Canada were received here (in London) with a certain amount of disappointment, as it was quite expected that the population

would exceed five millions. What effect this may have on immigration, I am not prepared at this moment to say.

I am afraid, Sir, that it had a very serious effect on immigration, because we know that the immigration returns for recent years have been far from satisfactory. I had a conversation recently on this subject, Mr. Speaker, with a very prominent member of the Conservative party, who is the head of one of the great manufacturing enterprises in Canada. I do not imagine for a moment that he was less loyal than he had been to his party; at all events, I knew him as a Conservative then, and I believe he is a Conservative still. But that gentleman, in discussing the subject, said to me: "The returns of the census were to me a bitter disappointment. We cannot stand," he said, "another census in Canada like that. If we should find as a result of the next census that there is no better showing, then I shall lose all faith in the future of Canada, and I shall have to look to some other country as a field for my capital and my enterprise." We hope and believe that by a change of policy the census returns of the present decade will not show such a bad result, and we hope and believe that when the second census is taken, and when we shall have an opportunity of comparing ten years of Conservative rule with ten years of Liberal rule, the results will not be such that any one of our leading Liberal manufacturers or capitalists will have to say that he is losing faith in the country.

THE LIBERAL TARIFF PLATFORM.

Now, Mr. Speaker, as to the manner in which this tariff revision should be brought about, I want to read to you, not that it has any element of novelty, but because it properly fits in at this stage of my speech, the platform adopted by the Liberal party in the great convention held in the city of Ottawa in 1893:

We, the Liberal party of Canada, in convention assembled, declare,—

That the customs tariff of the Dominion should be based, not as it is now, upon the protective principle, but upon the requirements of the public service;

That the existing tariff, founded upon an sound principle, and used as it has been by the Government, as a corrupting agency wherewith to keep themselves in office, has developed monopolies, trusts and combinations;

It has decreased the value of farm and other landed property;
It has oppressed the masses to the enrichment of a few;
It has checked immigration;
It has caused great loss of population;
It has impeded commerce;
It has discriminated against Great Britain;
In these, and in many other ways, it has occasioned great public and private injury, all of which evils must continue to grow in intensity as long as the present tariff system remains in force.

Mr. FOSTER. Here endeth the second lesson.

The MINISTER OF FINANCE. There are some excellent lessons yet to come.

That the highest interests of Canada demand a removal of this obstacle to our country's progress, by the adoption of a sound fiscal policy, which, while not doing injustice to any class, will promote domestic and foreign trade, and hasten the return of prosperity to our people;

That to that end the tariff should be reduced to the needs of honest, economical and efficient government;

That it should be so adjusted as to make free, or bear as lightly as possible upon, the necessities of life, and should be so arranged as to promote free trade with the whole world, more particularly with Great Britain and the United States;

We believe that the results of the protective system has grievously disappointed thousands of persons who honestly supported it, and that the country, in the light of experience, is now prepared to declare for a sound fiscal policy.

The issue between the two political parties is now clearly defined.

The Government admit the failure of their fiscal policy, and now profess their willingness to make some changes; but they say that such changes must be based on the principle of protection.

We denounce the principle of protection as radically unsound, and unjust to the masses of the people, and we declare our conviction that any tariff changes based on that principle must fail to afford any substantial relief from the burdens under which the country labours.

This issue we unhesitatingly accept, and upon it we await with the fullest confidence the verdict of the electors of Canada.

Mr. Speaker, the electors of Canada, in due course, gave their verdict upon that and upon other issues, and subject to such changes as changing circumstances may require, and as to which I shall have something to say as I proceed, we accept the Liberal platform of Ottawa as the declaration of principles which we are bound to follow in our tariff reform.

It being Six o'clock, the Speaker left the Chair.

After Recess.

The MINISTER OF FINANCE (Mr. Fielding). Mr. Speaker, when you left the

Chair at six o'clock, I had just finished reading the Liberal platform adopted at the Ottawa convention, in which the party placed on record its desire for tariff reform. It has been a common complaint of our opponents that the policy of the Liberal party on the tariff and in the direction of tariff reform was a policy that was adverse to the interest of the manufacturing industries of the country. We have in times past protested against this view, and we still protest against it. We do not admit that a high protectionist tariff is necessary for the development of manufacturing industries in Canada. One would almost think from the manner in which this argument is so frequently used by our opponents that there were no manufacturing industries in Canada before the days of the National Policy. The fact, I think, is that while perhaps we had not so many large industries as we have to-day, we had on the whole a more healthy and satisfactory condition of manufacturing industry before the days of the high tariff than we have had since. That, Sir, I think has been the experience of many of the communities of Canada.

THE GROWTH OF MANUFACTURES.

It is true that we have changed our methods of dealing with manufacturers, and the change, I think, has not been for the better. We developed manufacturing in the good old days in the good old-fashioned way. An honest workman opened his modest shop in a growing town. He made the things which the community wanted. He made honest goods and earned a reputation for the articles he produced. He had the good sense not to attempt to make things not suited for the market and which, with his limited equipment and the small area of the market, could not be made to advantage. But he made the things which for the moment served the community, and as days rolled on the community grew and his shop grew with it. He enlarged the field of operations; his reputation for making honest goods at fair prices helped to build up his industry. By and by sons came to him and joined him in the factory, and their youth and energy enlarged the scope of its operations. The shop was enlarged; new machinery was intro-

duced; more help was added, and so, growing with the growth of the community, there were built up successful manufacturing industries in many parts of Canada. That was the development of manufactures in a legitimate way.

And now the times have changed. We have had another way of developing manufactures, and it will not be unprofitable for us if we look at what the results have been in many cases. The old fashion workman never dreamed of asking bonuses, exemptions, or favours or anything of that kind; he expected to pay his way like a man and to earn every cent he got. But now under the high tariff policy the first step in the direction of a new factory is to have the bonus hunter set out on his way. He expects to receive as a matter of course exemption from the taxation which every other citizen expects to pay as a matter of course. Not content with having an Act of Parliament to license him to charge high prices for his goods, he thinks the city, town or village must give him further help by way of a site for his factory or by some grant of that kind; and if perchance the people of the town shake their heads and do not think they should help him in that particular way, he will remind them that there are other towns quite ready to do so and he will intimate that if they do not grant the bonus, the rival town not far away will grant it. And so this system of protection, always selfish, always greedy, sets these two towns by the ears to bid against one another, to be rivals and jealous of each other, instead of cultivating those friendly relations which should exist. Then the factory is built in one town or the other. If it is fortunate enough to have a market for its products, if the business has not been overdone, undoubtedly for a short time this factory will prosper, and it will take advantage, I am sure, of the high tariff and charge the consumer every penny the law will permit. For a little while this will go on, and then we will reach the next stage of the protective movement; then we will reach the stage at which excessive competition comes, the competition which results from over-production at home. After a short struggle it will be discovered that this factory, heralded with such a flourish of trumpets, can no longer

find work for its people or a market for its goods ; so the factory closes up, and the workingmen in whose interest we were told the National Policy was framed may go abroad and find work as best they can. Has not that been the history of many a National Policy factory in Canada ?

Some hon. MEMBERS. Hear, hear.

Some hon. MEMBERS. No, no.

THE MINISTER OF FINANCE. Then we pass on and reach the next stage, which inevitably follows the stage of over-production. Then the big manufacturer comes in and buys up the little factory for a song. The stockholders, many of whom often are people of small means, have to suffer the loss of their investment, and the factory, after a sheriff's sale, passes into the hands of some wealthy manufacturer, who will be willing to pay therefor in order that he may control the market with the products of his larger factory. We have had that development, and all over Canada we have had complaints of that condition of affairs, which was referred to in the Liberal platform as the "development of monopolies, trusts and combines."

I submit that the development of the olden times, if it was slow, was a more wholesome development, and that there is a better chance for the development of manufacturing enterprises in the end under a moderate tariff than there is in the end under the high tariff policy. The big fish will eat up the little ones. Under the National Policy the small manufacturers were driven to the wall ; the large ones may hold on for a while, but even for them in most instances the end comes, because the whole business rests on an artificial basis. I say, therefore, that the manufacturing interests of Canada should not be misled by the cry that they are identified necessarily with the success of a high tariff policy, and I believe many a manufacturer has now made up his mind that it would be better for him if we had a very moderate revenue tariff than the artificial condition brought about by the National Policy.

LEGITIMATE PROTECTION.

Let us remember, Sir, that the protectionist had more than the advantage of the rate of duty imposed on the articles he

manufactured. Nature is to a certain extent a protectionist, because she has placed advantages in the way of the home manufacturer. In the first place, he has the advantage of what I may call convenience. It is more convenient to buy things at home than to send abroad for them, and, other things being equal, any one in Canada would prefer to buy them at home. Then he has the advantage which I will call the protection of transportation. It costs not only time but money to bring things from abroad, and when you consider freight, insurance and other expenditures connected with the handling of goods, that particular element affords a large measure of protection for the manufacturer of the country. There is another advantage, which I will describe as the protection of patriotism, a desire which ought to exist, and I hope if it does not exist now it soon will among the Canadian people, to encourage home industry in every legitimate manner. I do not forget that at several tariff hearings we were informed by gentlemen who came before us urging the retention of a high tariff, that one of the great difficulties under which they laboured was that the people of Canada would not buy Canadian goods, that the people of Canada had prejudices against Canadian goods and actually preferred to buy foreign articles. I hope, Sir, it is not true. I am unwilling to believe that it is true, but I give it to the House as I received it on the testimony of the protected manufacturers of this country who came before our tariff commission. Well, Sir, if that has been the result of the National Policy, I can hardly imagine a more severe arraignment of that policy. If after eighteen years of encouraging manufactures by all the methods that were known to the ingenious Finance Ministers of the Conservative Government ; if after eighteen years of boasting that this was indeed the golden era of Canadian patriotism ; if we have to recognize it as a fact that the people of Canada to-day have no faith in Canadian goods and have a prejudice against them, and actually prefer the goods of foreign nations, then I say, it is a startling result of the National Policy. It is just possible that if the people could not be induced to buy Canadian goods under a high tariff policy, perhaps we may induce them to

buy Canadian goods under a policy which looks to moving in the direction of a lower tariff. I feel that we have every reason to hope that that would be the result of any changes that we are able to make. In other matters we have found in this House, that coercion failed where conciliation succeeded, and if you have not been able to make the Canadian people buy Canadian goods by Acts of Parliament designed to compel them, let us try some other way. Let us admit a little of the free air of competition into the manufacturing industries of our country. Let us make the manufacturers feel that they should sell their products to the people of Canada, not because there is a law on the statute-book to oblige the people to buy them, but because the articles themselves are good, and because they will stand on their merits irrespective of any National Policy.

I feel therefore, Sir, that we can say to the manufacturers of the country, that they have much to hope for from a reform of the tariff which will move in the direction of lower taxation. If upon these advantages to which I have referred, if you take the protection, as you may call it, the protection of convenience; if you take the protection of transportation which is considerable, and if you take that protection which I think the people ought to give—the protection of the patriotism which would make them desire to buy Canadian goods; and if on top of all that you put a moderate revenue tariff, in which nearly always there is a considerable measure of incidental protection, I say, that by all these means you have given the manufacturer of Canada a fair chance to live, and there is no reason why he should not live and prosper and flourish under such conditions.

CHANGES SHOULD BE MADE WITH CAUTION.

Now, Sir, the question arises as to how far we shall be able to apply at once, or at an early day, these principles of tariff reform which we have in the past declared we wished to carry out. We have heard it stated at times, that we should immediately undertake to bring in a radical free trade tariff. It is but fair to say that we generally hear that observation, not from free traders, not from friends of the Liberal

party, but from hon. gentlemen who sit on the other side of the House, who are not supposed to be free traders, and who are not supposed to be friends of the Liberal party. However, these gentlemen kindly undertake to tell us, that in view of this, and the other thing, it is our duty to bring down at once a tariff based upon free trade.

No man who spoke in the name of the Liberal party of Canada ever announced that we were going at one step to adopt the principles of free trade to that extent. We do not find that in the old motherland, when they had to deal with the same question, they at once came down to the basis of the low taxation which they reached in later years. But, Sir, we have an opportunity of calling some witnesses on this point. I well remember that immediately after the last elections in 1896, the London "Times" in a very able article on this question, pointed out that it was unreasonable to suppose, and that nobody should suppose, that the result of the Canadian elections must of necessity lead to the immediate adoption of a free trade policy. After some observations on the subject, the "Times" spoke as follows:—

The present generation has grown up to manhood under a protective system. The conditions of any other system are unknown, and Mr. Laurier's Administration will do much if, by cautious and tentative beginnings, it can bring about an intelligent reconsideration of much that has been taken for granted. If Mr. Laurier's accession to power means anything, it means that in so far as experiment is possible, the way will be prepared for a change in the fiscal system of Canada, when such a change shall have become demonstrably profitable to the community.

The "Times" is supposed to be a tolerably firm believer in the principles of English free trade as intelligently applied to any colonial condition. But I may quote another English writer who is even more marked as an exponent of free trade principles. I allude to Lord Farrer, whose free trade views will hardly be questioned by any one. In a recent pamphlet Lord Farrer says:

The colonies must, for some time at any rate, raise revenue by duties, and these duties can hardly fail to be, to some extent, protective.

Again, no reasonable free trader wishes to see a system of protection which has been in force for years, and under which industries of various kinds have grown up, abolished at a single blow. Such a step would be both unjust and unwise.

What free traders desire is a much more moderate and safer course.

They wish to see the colonies abandon protection as a theory, and gradually reduce the most obnoxious of their present protective duties. This would probably, by increasing importation itself, increase revenue, and make further reductions possible. Gradually the colonies would thus approach, and ultimately attain, the state of things which obtains in the United Kingdom, without undue sacrifice of revenue, and without injustice to existing interests. But it is out of the question to do this except cautiously and by degrees, as indeed it was done in this country. This is what we may hope for under the new regime in Canada.

"VESTED RIGHTS."

These views have a practical bearing on the question of how far we may go in the direction of tariff reform. I have sometimes heard the expression used, that the manufacturers had vested rights in these matters. I wish to protest against such an expression. No manufacturer has any vested right under the National Policy. Every man who invested a dollar under the National Policy did so with his eyes wide open to certain important facts. He was well aware that from the beginning down to the end, the National Policy was condemned by one of the great political parties in Canada. He was well aware that every effort had to be put forth by governmental influence, and such influences as the manufacturers themselves are well aware of, in order to obtain from the public an apparent endorsement of that policy. I would be justified in saying that at no time from the beginning of this question to the present day, has there ever been a substantial majority of the people of Canada, looking at the question on its merits, who believed in the principle of high protection. Accidental circumstances doubtless brought about the election of a majority of members who supported that policy, but at all events I can say, that from the beginning of the discussion to the end, the Liberal party of Canada—always a great party, nearly always one-half the people, and in more recent days very much more than one-half the people—placed themselves upon record as condemning the principles of the National Policy.

Now, the manufacturers knew of this, and they must have known that when they put their money into these factories they were taking their risks. There was a speculative element in this whole National Policy business, and the men who play the game and gather in the winnings ought to be prepared,

when the turn of the tide comes, to pay the losses and try to look pleasant. Therefore, I say, if it suited the people of Canada, as represented by this Parliament and by this Government, to strike out of the fiscal policy of Canada to-day every vestige of protection, the protected interests would have no right to complain. They took their risk, and they should be prepared to abide the consequences. But, Sir, while that would be stern justice, fortunately there is no disposition on the part of this Government to destroy—

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. Scoundrels great and scoundrels small.

The MINISTER OF FINANCE. My hon. friends opposite are in such an amiable frame of mind that they venture to applaud before I have finished the sentence. They are very happy in being able to anticipate what we think. I say there is no disposition on the part of this Government to deal with the manufacturing and protected classes in that spirit, although I do submit that if it suited the view of the majority of the people of Canada to adopt a policy which would simply reverse the principle of protection and establish free trade, while it might be and would be a dangerous thing if done at once, so far as the protected interests are concerned they would have no right whatever to complain. But, Sir, we are dealing with more than the protected interests of the manufacturers. The evil of protection, like most other evils, is wide-reaching in its influences, and it has become so blended and interwoven with the business of Canada that if we should attempt to strike it down to-day, we should do harm not only to the protected interests, which have no claim upon us, but to other interests which are not directly connected with the protected interests. It would be folly not to remember that we are dealing not with the protected manufacturers only, but that the interests of labour have to be considered as well as the interests of capital. We have to remember that the trade of the country is so permeated by this system that, in the matter of banking alone, there are vast interests associated with this question. I hesitate not to say that if we should to-day, by some rash

step, do that which some hon. gentlemen say we are bound to do, but which intelligent men know we are not bound to do, and would not do, we would not only break down the manufacturing interests of the country, but we would deal a blow to other interests of a wider and more serious character.

MR. FOSTER. Oh, come to the point—you make us tired.

SOME HON. MEMBERS. Order, order.

MR. McMILLAN. Do not let this moment of weakness put you into such a rage.

THE MINISTER OF FINANCE. If I were quite clear as to what point my hon. friend wishes me to come to at once, I am not sure that I would not be pleased to gratify him. However, I wish to say, and to emphasize the fact, that it has never been the policy of the Liberal party, as declared by any member of the Liberal party occupying a responsible position, if they came into power, to destroy at one movement all the manufacturing industries, or to so change the policy as to place them in peril. We are willing to be tried by the policy of the Liberal party as plainly understood, but we are not willing to be tried by the Liberal policy as expounded by hon. gentlemen on the other side of the House.

TRADE RELATIONS WITH THE UNITED STATES.

NOW, Sir, I have referred to-day to certain conditions which have altered, and I wish to speak briefly of these. The convention of the Liberal party was held in the city of Ottawa in the month of June, 1893. At that time we had every reason to believe that the people of the neighbouring republic had resolved to enter upon a more liberal trade policy. A few months before that date a presidential election had taken place in the United States, in which the issue of tariff reform was prominent; and, whatever may be said of the matter in view of later events, in the light of that day it did seem clear that the people of the United States had resolved to enter upon a policy of tariff reform. The Democratic party, which had just entered upon power, were at that very time engaged in propounding their policy of tariff reform. We thought the moment was opportune for us to place on

record in the clearest and most emphatic way our desire, as representing a great party in Canada, to carry out a policy of tariff reform, and particularly to extend, if possible, our trade relations with the neighbouring republic, if they were disposed to reciprocate. There was more than the action of the Democratic party to encourage us in the belief that something could be done in that direction. Before that time the Republican party, who were in power, pledged as they were in the main to a high protective policy, had qualified their adhesion to protection by a declaration in favour of reciprocity treaties; and we had reason to believe, and did believe, that even with the Republican party in power it would have been possible to obtain a reciprocity treaty with the United States if steps had been taken in a proper way to secure such a treaty. However that may be, we were disposed to believe that the day was close at hand when more friendly relations would be established between the people of the great republic to the south of us and the people of Canada. Unhappily, Sir, the present indications are that the American people—if we may judge by the action of their House of Representatives—have changed their minds on that question. If we may take the expression of that House as being a fair exposition of the views of the American people, speaking not with reference to any particular article of the tariff, but speaking generally, the people of the United States appear now disposed to adhere to the policy of protection.

I believe that some of us in Canada make the mistake of imagining that our neighbours frame their tariff chiefly with reference to how Canada will act and what effect it will have on Canada. It may be very flattering to Canada to think that; but I rather think that they frame their tariff with reference to the world at large, and that a very moderate part of their attention is directed to what is taking place in Canada. Though I believe that some parts of the Dingley Bill were made to suit the interests of certain people who feared Canadian competition, I do not think we ought to assume that it is simply a measure of hostility towards the people of Canada. I think it only fair to mention that leading public men in the United States have intimated to men on this side of the line that while the Republican party feel bound to uphold the Dingley Bill,

they do not of necessity mean to refuse to enter into improved trade relations with Canada. On the contrary, it has been urged that that is part of their policy, and they point to the fact that when the late Mr. Blaine was in power, though a high protectionist, he was disposed to negotiate reciprocity treaties with any countries which were disposed to deal with the United States. But while I think there is some ground for hoping for an improvement in our trade relations with the United States, we cannot but recognize the fact that the Dingley Bill, whatever the motive of it may have been, and I do not question the motive, will undoubtedly, if it becomes law—which seems highly probable, although I think it will be amended in some particulars—affect the trade relations between Canada and the United States to a very considerable degree. In view of that, we feel that we are justified in stopping to think what would be the effect of our policy if to-day, while on the eve of negotiations on the subject of reciprocity—if our American friends are willing to negotiate—we should, in advance of such negotiations, reduce our tariff down to low figures. I believe that there is nothing inconsistent with sound free trade principles in a Government endeavouring, in dealing with a neighbour, to hold in its hands whatever levers it may possess in the negotiations; and I say so to-day, not in the spirit of retaliation, because I say, Sir, that we ought not to retaliate upon the United States in the way some people advocate. There are men, well meaning men, in Canada—Liberals, some of them, let us admit—who say that we should meet the Dingley Bill on the principle of an eye for an eye, a tooth for a tooth, and a dollar for a dollar. Such is the demand of many men in Canada to-day, but we submit it would not be wise to adopt that policy. We submit that it is a wiser policy to wait and see what shall be the outcome of the present uncertainty in the United States in relation to their trade policy and of the negotiations which we are willing to enter into with respect to reciprocity. We submit that pending such negotiations and pending the settlement of the American tariff question and a clear understanding of what will be the effect which their policy may have upon the

affairs of Canada, it is the part of prudence that we should to-day hold our hands and not extend to that country the measure of tariff reform which we would be anxious to extend if they would meet us on liberal lines.

But there are those who say that if we do not care to deal with the tariff in its relations with the United States to-day, we ought not to disturb our existing tariff at all. I have heard it argued that what we should do is to let our own tariff stand as it is to-day. I cannot subscribe to that doctrine. The Liberal party has pledged itself to give tariff reform, and the country expects the Liberal party to fulfil that pledge. And if the events across the border have taken such a course as to justify us in withholding action in relation to our trade with that country, that is no reason why we should not proceed to deal with tariff reform in its relation to those countries which are prepared to deal with us. We are prepared to declare to this House and the world, that we will trade with those people, whoever they may be, who are willing to trade with us. We do it as individuals with our neighbours; we would buy from the neighbour who is willing to buy from us. What is a nation but a combination of many thousand individuals? And if an individual would be justified in dealing with the neighbour who wants to trade with him, why should not the nation be justified in adopting the same principle? We recognize the fact that if the Dingley Bill becomes law, it will have some effect on our trade. We do not complain of it; we have no right to complain of it. The American people have an undoubted right to frame their tariff policy with a single eye to their own interests, and we must recognize that without murmur; but they are an intelligent people, and intelligent enough to recognize the fact that if they have the right to frame their policy with a single eye to their own interests, we have the right to frame our policy with a single eye to what we believe to be our interests. Therefore, while we say to our American brethren that we will not yield to this spirit of retaliation which is in the air, and for which there is, perhaps, very considerable justification, while we are not willing to put up the barbed wire fence which already

exists three or four strands higher, there is no particular reason why we should take it down to-day.

A DOUBLE TARIFF.

This leads to the conclusion that we must be prepared to deal with this question from the point of view of having one tariff for the countries which are willing to trade with us and a different tariff for the countries which are not. So far as our tariff has relation to those countries which have no particular desire to trade with us, we recognize that there are in it some items of sufficient importance to justify us in making reductions, not to please foreign countries, but to please ourselves. There are things which we want to buy from foreign countries, and our desire to obtain these things on fair and reasonable terms is paramount to every other consideration in dealing with the tariff question. But with the exception of these articles, to which I shall refer as I proceed, I have to tell the House that it is not the intention of the Government—speaking of the question generally, and not with reference to any particular article—to propose any great reduction in the tariff as applied to those countries which are not disposed to trade with us. We propose, therefore, to have a general tariff, and that general tariff will be, to a large extent, the tariff of to-day—but the tariff of to-day freed from some of its enormities, freed from some of the injustices of which the people complain, freed from many of the specific duties, freed from the conflicts, annoyances and irritation which have created war between the importer and the customs authorities—the tariff of to-day, in one sense, but not the tariff of to-day exactly, for if you remove from it all the evils I speak of, it is certainly not the tariff which hon. gentlemen oppose favour. We propose to adopt a general tariff, and then we propose to adopt a special tariff having reference to the countries which are desirous of trading with us; and as a matter of course, not by the express words of the resolution, but by the condition of affairs which exists, that preferential tariff gives preference, above all others, to the products of Great Britain.

Now, Mr. Speaker, having thus stated the guiding principles in the matter, I propose

to invite your attention to the general tariff; and in doing so, I wish it to be distinctly understood that, as I have already explained, the duties are considerably higher than we intend they shall be, as applied to countries which are willing to trade with us. And if, as I read the items, hon. gentlemen think that the rate upon any of them is too high, I beg them to believe that before I close I shall have something to say which will show that in respect of our relations with Great Britain and in respect of our relations with any other country that is willing to meet us on equal terms, we shall be prepared to offer a measure of tariff reform of the most substantial character which is not contained in this tariff which I am about to read. With these observations I now beg to invite your attention to the rates of duty in the general tariff.

Sir CHARLES TUPPER. May I take the liberty of asking my hon. friend (Mr. Fielding) if he will kindly repeat the last sentence.

The MINISTER OF FINANCE. I am afraid I have almost forgotten it myself. If the hon. gentleman (Sir Charles Tupper) would state the point—

Sir CHARLES TUPPER. The point was as to the mode in which the hon. gentleman intended to have the tariff, which, I understand, he is about to state to the House modified by some subsequent—

THE GENERAL TARIFF.

The MINISTER OF FINANCE. I thank the hon. gentleman for reminding me. I stated that the tariff that I am about to read to you is the general tariff, but that before I conclude, I shall be prepared to make a statement in relation to a special tariff that will apply to Great Britain and any other country which is prepared to accept the conditions that that tariff imposes. Let me say, Sir, that the classification of goods that we have in this tariff does not materially differ from the form of the tariff which is now in force, that is to say, where the late Government gathered goods into one class for convenience, we have thought it well, generally speaking, to follow that method of grouping. There is an advantage perhaps, and perhaps some disadvantage also, in having a very elaborate tariff. Un-

doubtedly, if one were beginning from the beginning, he would make a tariff that would be much simpler than the present one. As one of our newspaper writers very happily said, a man who undertakes to remodel a house will not find it so easy and satisfactory a job as if he had the opportunity to build from the foundation. We have to adapt ourselves to our conditions. I think it would be an advantage in one way to have fewer items in the tariff. But the evil of multiplicity of items is not so great if you can avoid a multiplicity of rates; and we hope that on investigation of our tariff it will appear that we have, to a certain extent, removed this difficulty by gathering a number of items of a like character and bringing them under one rate. Probably there is room for improvement in this direction, but we hope something has been done to make the tariff more convenient and more simple. The first item is:

Ale, beer and porter, when imported in casks or otherwise than in bottles, 16 cents per gallon.

The duty on this remains unchanged. And I think I should say that, if I am not to weary the House with details, I will only mention those duties that have been changed. There are no changes until we come to the duty on spirits, which are increased by 15 cents a gallon—I would remind hon. members that I am dealing with the customs duties now.

Mr. FOSTER. The hon. gentleman will have to read the items to get them in "Hansard."

The MINISTER OF FINANCE—

Ale, beer and porter, when imported in bottles (six quart, or 12 pint bottles to be held to contain one gallon), 24 cents per gallon.

Cider, not clarified or refined, five cents per gallon.

Cider, clarified or refined, 10 cents per gallon.

Lime juice and fruit juices, fortified with or containing not more than twenty-five per cent of proof spirits, 60 cents per gallon; and when containing more than 25 per cent of proof spirits, \$2 per gallon.

Mr. MONTAGUE. Where there are changes I take it the hon. gentleman (Mr. Fielding) will mention the fact.

The MINISTER OF FINANCE. There is an increase in the spirit duties all along the line of 15 cents per gallon.

Mr. MONTAGUE. I spoke generally to suggest that the hon. gentleman should mention when changes occur.

The MINISTER OF FINANCE. Very good. I am in the judgment of the House, but it seems to me that if I am to read all the items, even when no changes occur—

Mr. FOSTER. The hon. gentleman might mention the item by number and tell whether there is a change or not. Has the hon. gentleman the numbers there, as in the present tariff?

The MINISTER OF FINANCE. Not exactly; the numbers will not quite correspond, and in some cases the hon. gentleman (Mr. Foster) would not get much help from the reading of the number.

Lime juice and other fruit syrups and fruit juices, n.o.p., 20 per cent ad valorem.

Spiritous or alcoholic liquors distilled from any material, or containing or compounded from or with distilled spirits of any kind or any mixture thereof with water—

The item reads substantially as in the present tariff, and the duty is \$2.40 per gallon, instead of \$2.25 as at present.

Spirits and strong waters of any kind, section B of this item, \$2.40 per gallon and 30 per cent instead of \$2.25 and 30 per cent.

Alcoholic perfumes remain the same, 50 per cent when in bottles or flasks, containing not more than four oz., and when in bottles and flasks containing more than four oz., \$2.40 per gallon and 40 per cent, instead of \$2.25 per gallon and 40 per cent as at present.

Nitrous ether, sweet spirits of nitre and aromatic spirits of ammonia, \$2.40 per gallon and 30 per cent, instead of \$2.25 per gallon and 30 per cent, as at present.

Vermouth containing not more than 30 per cent, and ginger wine containing not more than 26 per cent of proof spirits, 90 cents per gallon, instead of 80 cents per gallon, and if containing more than these percentages, \$2.40 per gallon, instead of \$2.25.

Medicines or medicated wines containing not more than 40 per cent of proof spirits, \$1.50 per gallon.

Mr. FOSTER. Is that a new item?

The MINISTER OF FINANCE. Yes. Wines of all kinds except sparkling wines, &c., remain the same as at present.

Champagne and wines generally remain unchanged.

Mr. FOSTER. Tax the poor man's whisky.

The MINISTER OF FINANCE. My hon. friend's sympathy for the poor man on account of his whisky is, of course, exceedingly interesting. The next section relates to animals, agricultural and animal products. This class of products are imported largely from the United States, and we think that pending negotiations for freer trade relations with that country, we should leave these items largely unchanged. There are, however, a few exceptions to that.

In the case of corn, we place it on the free list, except for the purpose of distillers.

Flour is reduced from 75 cents to 60 cents per barrel, and wheat from 15 cents per bushel to 12 cents per bushel.

Corn meal, 25 cents per barrel instead of 40 cents. We propose to abolish the regulation which permits the grinding of corn in bond for so-called human food. That system has been the cause of very considerable complaint. It has been represented to us that it is almost impossible for gentlemen engaged in the milling industry to subscribe to the affidavit which they are required to take in order to obtain the necessary rebate. By the law as they now stand, they are supposed to pay duty on the corn, and then, upon evidence, or upon affidavit, that they ground the corn for use as human food, they are entitled to have a rebate of 99 per cent of their duty. It is alleged that when a miller has sold corn meal for human food, he is not in a position to follow it through the country and guarantee that it is always used for human food. The same thing has occurred with regard to seed corn. Seed corn was admitted free, and it is alleged that that privilege has also been abused. We simplify the matter by putting corn on the free list, except in the case of corn for the purpose of distillation which, under regulations to be made by the Government, is still to pay the same duty of 7½ cents. There is also one other item in that large class to which I ought to refer. At present the duty on uncleared rice is three-tenths of a cent per pound, and 1¼ cents per pound on cleared rice. It is the duty on the cleaned rice which affects the price in Canada; our

people do not eat uncleared rice. We make no change in the duty on the cleaned rice, but we do make a change in the duty on the raw material. We say that instead of receiving the raw material at three-tenths of a cent, they should pay ¾ of a cent. The fact is that while the duty on cleaned rice remains the same, although the price will not be increased to the consumer, the manufacturer will have to pay a larger price for his raw material, and that increase will go into the public treasury.

Mr. FOSTER. But you do not cheapen the food.

The MINISTER OF FINANCE. Well, we cheapen a good many things in this tariff, but we have to have a little regard for the revenue in order to meet the obligations of my predecessor. We pass on to the class of articles known as fish and fish products; and as these remain substantially the same, I will not detain the House by reading them.

Illuminating oil, brings us to the item of coal oil. There is no item in the tariff which has been more discussed in the House. I think there is a very strong desire in the House to have a very considerable reduction made in this item, and it has been our desire to grant a reduction. We are free to say that in view of the representations made that we are not disposed, or do not feel warranted in going in that direction so far as we would like to do. We reduce the duty on coal oil one cent. Crude petroleum for fuel which is now 3 cents will be 2½ cents. Barrels containing petroleum remain at the same rate 20 per cent. We propose to make another change, which is especially sought by the trade, and that is to abolish the restrictions that now exist in regard to sale from tank vessels. If the trade desire to use tank vessels, there is no reason why dealers should not be permitted to do so. Lubricating oils remain unchanged, at 20 per cent. Olive oil, now 30 per cent, is reduced to 20 per cent.

In regard to bituminous coal, we do not propose at this stage of the tariff measure to make any reductions in the duties on coal. Reference was made some time ago in this House to certain observations I made in Montreal in replying to a deputation representing the coal interest. It was regarded by many hon. members in this

House sitting opposite as an exceptional course to adopt that I should, in anticipation of the Budget, make a statement on that subject, not exactly a statement perhaps as to the amount of duty to be imposed, but a statement sufficiently plain to indicate the lines on which we would proceed. I do not require to enter fully into the circumstances under which I made that statement. I quite realized at the moment that I must submit to some misunderstanding prevailing as to my action, but we feel assured that the wisdom of the policy pursued by the Government will be in due course vindicated before the House. I believe it was in the interest of all concerned that certain doubts and misunderstandings which existed at Washington in regard to the position of Canada on the coal question should be removed.

An hon. MEMBER. Particularly Mr. Whitney.

The MINISTER OF FINANCE. I believe that statement served a useful purpose in removing doubts and misunderstandings.

Sir CHARLES TUPPER. In Nova Scotia.

The MINISTER OF FINANCE. I must say that I am surprised the hon. leader of the Opposition should have the courage to mention Nova Scotia. I was disposed to be exceedingly good, nice and gracious in the matter, and never mention the words. Now that the hon. gentleman has called attention to the subject, I suppose it will be in order to say that something happened in Nova Scotia two or three days ago. The hon. gentleman is not so proud of Nova Scotia as he used to be in the old days. But so far as the interruption imputes that my remarks in Montreal were made with any regard to Nova Scotia elections, or after any communication had with the Nova Scotia Government, I have already stated, and if it is important I will repeat it, that there is no foundation whatever for any statement of that kind. However that may be, I believe and the Government believe that a good purpose was served not only as regards the interests of Nova Scotia but in regard to all interests by having that statement made in Montreal in anticipation of the Budget speech.

Sir CHARLES TUPPER. And the Nova Scotia elections, which had been postponed for the purpose.

The MINISTER OF FINANCE. The Nova Scotia elections, we are told by the hon. gentleman were postponed for a purpose. I do not know the source of his information. I think the hon. gentleman does not know the people of Nova Scotia so well as he imagines he does; but one thing is certain, that Nova Scotia knows a good deal about the hon. gentleman, and voted accordingly. I was about to say, Sir, that the purpose for which my statement was made was a purpose having in view the best interests of the Dominion, as time will show. I believe that American public men are at this moment reconsidering their action in regard to the duty on coal, and whatever they may do in relation to their general policy, there is reasonable probability that they will reconsider their action on this point. I have strong hope, amounting to expectation, that in the end they will reduce the duty proposed in the Dingley Bill to 40 cents per ton, which is the duty in the American tariff to-day. I stated in Montreal, and I repeat now, that it is the desire of the Government to reduce the duty on coal. I stated at that time that if the American Government would leave the duty at 40 cents per ton, instead of increasing it to 75 cents as proposed in the Dingley Bill, our Government were prepared to meet them on that line and reduce our duty to meet their duty. I repeat that statement now. I have strong hopes that the Americans will eventually settle their duty at 40 cents per ton. If placed at 40 cents, I undertake to move that our duty be made 40 cents per ton, and I have strong expectations that this will be the end of the matter. But I think in the interest of the coal trade of the Dominion we should not act to-day on the assumption that the change will be made, and so, having clearly and distinctly stated that we are ready to reduce our duty to 40 cents if the American duty remains at that figure, we propose to defer action and see what they are going to do about it. I quite realize the possibility that the Americans will not be in a position to deal with the question, or at all events may not deal with it, before our tariff Bill goes through the House. If that should

prove to be the fact, we would be prepared to come down to the House and make a further statement in relation to the coal duties.

MR. HUGHES. I should like to ask why, on the same principle, the hon. gentleman does not maintain the duty on corn, so as to hold it as a set-off later to balance the duty on barley?

THE MINISTER OF FINANCE. I cannot argue that question; there is good and sufficient reason for pursuing a different policy.

MR. WALLACE. I understood the Minister of Finance to announce that he proposed to reduce the duty on olive oil from 30 per cent to 20 per cent. A large quantity of it, however, is at present free.

MR. FOSTER. The item at present reads 30 per cent for olive oil prepared for salad purposes, all other olive oil is free. Is the same wording used in regard to the proposed duty of 20 per cent?

THE CONTROLLER OF CUSTOMS (Mr. Paterson). The item is n.e.s. 20 per cent instead of 30.

MR. FOSTER. If my hon. friend reads it that way he will add 20 per cent to the duty because olive oil n.e.s. is free.

THE MINISTER OF FINANCE. I think my hon. friend is mistaken because such is not our intention. It has been represented to us with regard to cement that the barrels of cement are not always equal in weight, and that it is better to have the duty at so much per hundred pounds. We have therefore placed the duty at 12½ cents per 100 pounds.

My hon. friend the Controller of Customs has offered to read for me, and if the House has no objection he will do so.

MR. FOSTER. None at all.

SIR CHARLES TUPPER. Before the hon. gentleman's colleague takes up the consideration of these items, would he allow me to ask him, whether I understand, that in case the American tariff should be retained at 75 cents on coal as passed by the House of Representatives, that the hon. the Finance Minister intends to carry out his declaration at Montreal, not only to retain the present duty of 60 cents on bituminous

coal but to impose a duty on anthracite as well.

THE MINISTER OF FINANCE. My hon. friend (Sir Charles Tupper) has possibly not correctly understood the declaration at Montreal. However, without debating that, I will answer his question: that under these circumstances it would be the intention of the Government to carry out my declaration at Montreal.

SIR CHARLES TUPPER. And impose a duty on anthracite coal.

THE MINISTER OF FINANCE. And impose a duty on anthracite coal.

THE CONTROLLER OF CUSTOMS. At the request of my hon. friend I will continue reading.

MR. McNEILL. Before the hon. gentleman passes away from these items would he kindly say what the 12½ cents per 100 pounds on cement would amount to on a barrel?

THE CONTROLLER OF CUSTOMS. The barrels vary in weight and if a barrel contained 325 pounds it would be something about 40 cents. The hon. gentleman can figure that out for himself.

MR. McNEILL. The hon. the Controller knows there has been considerable dispute about the barrels.

THE CONTROLLER OF CUSTOMS. In the new item it is provided that whether the cement comes in bags or in barrels, the packages shall be included in the weight for duty.

With regard to the iron duties, I regret that my hon. friend—who you can imagine has had a very great deal of work lately, and whose strength has almost given out to-night—is not able to explain these changes as he would have done it much better than I can. But, in short, I may say that the policy of the Government is this. They have felt that pig-iron, wrought-iron and scrap-iron, being the base of so many important manufactures in the country, it was desirable, in the interest not only of the manufacturers, but of the consuming public, that there should be some reduction in the duties. Though iron comes from our friends across the border, we have made the reductions in our own interest, and not to pro-

mote any interest of theirs. While we have thought that our duty as a Government and as prudent business men, required us to lower those duties which will give relief from a heavy burden to many of our manufacturers, at the same time, in order that the industries engaged in the business of manufacturing iron may be enabled to go on, we offer them, not what they had before, but we propose in a measure to compensate for the withdrawal of the share of protection involved in the high duties, by giving them somewhat larger bounties than they had before.

Some hon. MEMBERS. Hear, hear.

The CONTROLLER OF CUSTOMS. Hon. gentlemen are somewhat amused at that, but I cannot help that. I have simply told you the truth.

We combine items 286 and 227 the first of which was at $22\frac{1}{2}$ per cent and the other at 30 per cent, and make a uniform duty of 30 per cent. This includes builder's hardware, cabinet makers, upholsterers, carriage hardwares, including buts, hinges, locks, curry combs or curry cards, horse boots, harness and saddlery, n.e.s. This is one of those items several of which we have arranged, that will make the work at the Custom-house very much simpler than it has hitherto been, and I trust will remove a great deal of friction that has existed among so many varied and different rates on articles which might be interpreted by one custom's appraiser to come under one head, and by another to come under another head.

Item 277 of the old tariff bore a duty of 25 per cent ad valorem, while item 345 bore 35 per cent. I may say that many of the articles enumerated in this list caused great difficulty in the matter of appraising and it has been represented that different appraisements took place at different ports, which, any gentleman can understand is a most undesirable thing. We think we are warranted in combining those two classes which the judgment of the House heretofore thought should be divided, one bearing 25 per cent and the other 35 per cent duties. We combine them to effect the great purpose we have and we make a uniform duty of 30 per cent. This item includes, gener-

ally, cutlery, including carver knives, and forks of steel, butcher and table steels, oyster, bread, kitchen, cook's, butchers, shoe, farrier, putty, hacking, and glazier's knives, cigar knives, spatulas, or palette knives, razors, erasers or office knives, pen, pocket, pruning, sportsman and hunter's knives, manicure files, scissors, trimmer's, barber's, tailor's, and lamp-shears, horse, and toilet clippers, and all like cutlery, plated or not, n.o.p. For additional simplification we provide that if any of the articles are imported in cases or cabinet, the cases or cabinets shall be dutiable at the same rate as their contents. In many cases it was found that a merchant would pay one rate of duty on what was in the case and another rate of duty on the case itself. We thought it better to have a uniform rate of 30 per cent.

In item 283 there is a considerable reduction. It comprises axes, scythes, sickles, reaping hooks, hay and straw knives, hoes, wringers, forks, post diggers and other agricultural implements. These are implements used upon the farm, and have been hitherto at 35 per cent; we have reduced them to 25 per cent. Item 357 was electric light carbons, or carbon points of all kinds, the duty on which was 2·50 specific per 1,000; we have abolished this specific duty and established an ad valorem duty of 35 per cent. Then we have an item which might be considered a new item. There are some very large carbons that are being used now by miners and others, and there is a very important industry, having a rapid development, in our country. It was difficult under the old tariff to determine what the rate of duty should be. I think they have come largely into use since the tariff was framed. Recognizing that, therefore, we have taken them from the list of electric light carbons, and on all carbons over six inches in circumference, and with a view to the use which is made of them, we have reduced the duty 15 per cent ad valorem.

We combine tariff items 401 and 402, which reads "cotton fabrics, white or gray, bleached or unbleached." Item 401 under the old law was dutiable at $22\frac{1}{2}$ per cent and item 402 was 25 per cent, and we make them both dutiable at 25 per cent.

Mr. MILLS. Hear, hear, legalized robbery.

The CONTROLLER OF CUSTOMS. Mr. Speaker, I take the cheers of hon. gentlemen opposite as an indication that I read that item in a sufficiently loud tone to be heard by them. It is perhaps well to bear in mind what effect will be had upon that article when another schedule is brought before the attention of hon. gentlemen opposite, and which I suppose they will be delighted to hear read after the cheers which they have given. Here is item 403. I may as well prepare the hon. gentlemen opposite to be ready for another cheer. This item reads cotton fabrics, printed, dyed or coloured, which under the old tariff was 30 per cent, is now 35 per cent.

Some hon. MEMBERS. Hear, hear.

The CONTROLLER OF CUSTOMS. Hon. gentlemen opposite will also bear in mind that a future announcement will have an important bearing on that article.

Items 424 and 425, which were dutiable at 25 per cent, are now made uniform and put at 30 per cent ad valorem.

Mr. FOSTER. That is an increase.

The CONTROLLER OF CUSTOMS. Yes, but we must have revenue from something, and we are trying to get it in as fair a way as we can in the interests of the country. Tariff items in the old tariff 414 and 408 are combined. One was 30 per cent ad valorem and the other 32½ per cent ad valorem, and we make them both 35 per cent ad valorem. I might explain, as the hon. gentleman will readily see, that this has been done as in many other cases, for the purpose of simplifying the tariff very much, and regard is also had to the fact that they are articles upon which it was thought, taking them generally, they might bear a duty.

Item 413, jeans, sateens and coutiles, was 25 per cent, and is now 30 per cent. Items 404 and 405 have been combined. They were under specific and ad valorem duties, which were very high, and which would run probably up to 50 or 60 per cent, and we have reduced them to an ad valorem basis. We have given them the highest rate of duty, I think, that we maintain in the tariff, and we have them at a uniform rate of 35 per cent ad valorem.

The next item to which I invite the attention of hon. members is the old tariff

item 437: "Yarns, composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, costing 20 cents per pound and under, 5 cents per pound and 20 per cent ad valorem." We have for reasons which we thought good and in the interest of the country reduced that duty to 15 per cent ad valorem. I suppose the combined duties before would probably amount to over 30 per cent. The reasons for this change will no doubt be given when the item comes up for discussion. I think, however, that this is a reduction in which a very large number of manufacturers in this country are concerned; and if there are some whose interests are different, we have placed in the free list an article on which I think they will receive some compensating advantages for this reduction, which I frankly admit is a large cut, but which has been made in the interest both of the manufacturers of the country and the consuming public.

The MINISTER OF FINANCE. I have to express my thanks to my hon. colleague (Mr. Paterson) for having so kindly relieved me and to the House for having permitted him to continue the reading of the tariff, and thus relieve me from what would otherwise have been a very great burden, and I shall take up the list where my hon. friend left off.

In item 420, of the old tariff which relates to binder twine I have an announcement to make which, I am sure, will be received with satisfaction by the House. We propose that binder twine, which is now 12½ per cent shall be immediately reduced to 10 per cent.

Some hon. MEMBERS. Oh, oh.

The MINISTER OF FINANCE. My hon. friends had better not laugh too quickly; he laughs best who laughs last. The duty on binder twine is reduced from 12½ per cent to 10 per cent at once, and dating from the 1st of January, 1898, binder twine shall be on the free list, and all the articles entering into the manufacture of binder twine shall also be placed on the free list for the purposes of manufacturing.

I come now to the items of sugars, syrups, and molasses, and in that connection I may associate tea. In dealing with a large class of the items to which I referred in a general way, I made no mention of tea.

There is a 10 per cent discrimination in tea with regard to importations not being direct. That 10 per cent remains. I know there has been a popular idea that the Government would have to impose a duty on tea. Well, I have the pleasure of announcing that we do not propose to do so.

With regard to sugar, I find also that the same general idea prevails in the minds of certain people, who know all about the Government's policy, that there was to be a high duty on sugar. The duty on raw sugar now, used for refining purposes, is $\frac{1}{2}$ cent per pound, and on the refined it is \$1.14 per 100 pounds, the difference being 64 cents per 100 pounds. We propose that the duty on raw sugar shall remain as it is to-day because the revenue is derived from raw sugar. That means that we shall get the same amount of revenue. But the price to the consumer is regulated by the duty on the refined article, and that is to-day \$1.14 for 100 pounds. We propose to reduce that to \$1 per 100 pounds, so that the duty shall hereafter stand at 50 cents per 100 pounds for the raw sugar and 50 cents additional for the protection, if you care to use that word, to the refiner, as against 64 cents in the present tariff. By this step we do not take a dollar from the public revenue, but we give to the people cheaper sugar to the extent of \$400,000 per annum. The duty on glucose or grape sugar, item 393 of the old tariff, is now $1\frac{1}{4}$ cents per pound. Representations were made to us that satisfied us that that duty was an excessive one. We propose to reduce the duty on glucose to $\frac{3}{4}$ cents per pound. It may be mentioned that the manufacturer of glucose will get some compensation in the form of free corn. The duty on sugar candy, now $\frac{1}{2}$ cent per pound and 35 per cent ad valorem, we propose to make 35 per cent ad valorem. Item 463 of the present tariff, cigars and cigarettes, the weight of cigarettes to include the weight of the paper covering has now a duty of \$2 per pound and 25 per cent ad valorem. We increase the rate of duty on cigarettes to \$3 per pound and 25 per cent ad valorem. The duty on cut tobacco, item 464 of the old tariff, is 45 cents per pound and $12\frac{1}{2}$ per cent ad valorem. We increase that duty to 50 cents per pound with $12\frac{1}{2}$ per cent, an increase of 5 cents a pound. Manufactured

tobacco, n.e.s., and snuff, item 465 of the old tariff, the old duty is 35 cents per pound and $12\frac{1}{2}$ per cent. We make it 45 cents and $12\frac{1}{2}$ per cent.

Mr. FOSTER. What increase does the hon. Minister expect to get from that change?

The MINISTER OF FINANCE. I shall be glad to present to the hon. gentleman in a little while a general statement of expected revenue, so I trust he will excuse me if I do not mention that item now. I shall not detain the House by giving the free list. It will be enough to say, in general terms, that we do not make any material change, except for the purpose of placing certain things on the free list to which reference has been made. Speaking generally, and subject to correction, the free list remains the same. Unenumerated articles, as in the present tariff, will stand at 20 per cent.

Mr. TAYLOR. I would ask the hon. gentleman what he has done with item 320 of the old tariff: "Corset clasps, spoon clasps, or busks," &c.?

The MINISTER OF FINANCE. I think my hon. friend will find that is included with others.

The CONTROLLER OF CUSTOMS (Mr. Paterson). Items 320 and 321 were cut out altogether. The articles named in them will take their rating among the different classes of goods to which they belong.

The MINISTER OF FINANCE. The usual provisions are made with regard to classes of prohibited goods. I am sure the House will be glad to have me deal with the question put to me at an earlier stage by the hon. leader of the Opposition as to the method by which we propose to establish a different tariff for those countries that are disposed to deal with us.

Mr. WOOD (Hamilton). Would the hon. Finance Minister say if he leaves the free list exactly as it is now?

The MINISTER OF FINANCE. Not exactly.

Mr. WOOD (Hamilton). There are certain items on the free list providing that where goods are imported by manufacturers they shall come in free; but if imported by a

merchant to sell to a manufacturer duty must be paid. I think this is class legislation that should not be allowed to exist in any country. The smaller manufacturer is placed at a disadvantage—

Some hon. MEMBERS. Order.

Mr. WOOD (Hamilton). If I am not in order, I will not continue. The small manufacturer who is not able to import these goods may buy them from a merchant who imports them, and so he has to pay the duty, while the large manufacturer who can afford to import the goods in large quantities—

Mr. DEPUTY SPEAKER. I think the hon. gentleman is out of order.

Mr. WOOD (Hamilton). I am simply putting a question in shape for the hon. Minister to give an answer—

Some hon. MEMBERS. Chair, chair.

Mr. WOOD (Hamilton). The large manufacturer can import these goods free while the smaller manufacturer must pay the duty.

Mr. DEPUTY SPEAKER. Order.

Mr. WOOD (Hamilton). I asked the hon. Minister if he would answer the question, and he said that he would.

The MINISTER OF FINANCE. I sympathize to a considerable extent with the feeling of the hon. gentleman as to the embarrassment that arises from having a duty so arranged that an article comes in at one rate for one purpose and at another rate, or perhaps free, for another purpose. I will only say that I think in some cases it will be found we have removed these anomalies; but I frankly confess that a number of them remain as we did not find ourselves with sufficient time to deal with them as we would desire. A time when we are reducing the duty on manufactured goods, and thus, perhaps, giving the manufacturer much anxiety, is not the best time to take away from him any privileges he had in the way of concessions on his raw material. So we are disposed to allow these things to remain at present, though I confess I do not like them any better than my hon. friend (Mr. Wood, Hamilton) does.

Mr. DUGAS. Did I understand the hon. Minister to say there was a duty on raw leaf tobacco?

THE RECIPROCAL TARIFF.

The MINISTER OF FINANCE. I think that, so far, no mention has been made of that, but I may have occasion to mention it before I sit down. I propose now to read one of a series of resolutions dealing with the particular subject of the reciprocal tariff. Of course a number of the resolutions are of a purely formal character, and I shall not detain the House with them; but one or two are of special importance, and one is of paramount importance, as follows:—

That when the customs tariff of any country admits the products of Canada on terms which, on the whole, are as favourable to Canada as the terms of the reciprocal tariff, herein referred to, are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct therefrom may then be imported direct into Canada or taken out of warehouse for consumption therein at the reduced rates of duty provided in the reciprocal tariff set forth in Schedule "D."

That any question that may arise as to the countries entitled to the benefits of the reciprocal tariff shall be decided by the Controller of Customs, subject to the authority of the Governor General in Council.

That the Controller of Customs may make such regulations as are necessary for carrying out the intentions of the two preceding sections.

We propose to mention the articles on which we do not intend to grant the special concession, and that all the other articles, not being so enumerated, shall be entitled to the benefit of that concession. Our proposal is that as respects all the articles not excepted in the way I have just mentioned, there shall be a reduction, not all at once, but in two steps, one part of the reduction taking effect instantly, and the second part taking effect a year later; and with these two steps we propose there shall be a reduction of one-fourth as respects the duties upon all articles imported from Great Britain, or from any other country which will deal favourably with us.

Sir CHARLES TUPPER. From the statement of the hon. gentleman, I do not quite understand what he means by "dealing favourably with us." It appears to me very important that we should understand what the hon. gentleman means.

The MINISTER OF FINANCE. Perhaps the resolution which I had the privilege of reading my hon. friend did not catch as fully as I desired. It reads as follows:—

That when the Customs tariff of any country admits the products of Canada on terms which, on the whole—

I wish to emphasize that, because we may find that they admit our products at one point on favourable terms and that at another point on terms which we may regard as unfavourable. They might admit one article at a 'fair' rate, and some other article at a high rate. Therefore we want to average the thing and say that if their tariff is favourable to us on the whole, then we propose to regard them as coming under this privilege.

—are as favourable to Canada as the terms of the reciprocal tariff, herein referred to, are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct therefrom, may then be imported direct into Canada, or taken out of warehouse for consumption therein at the reduced rates of duty provided in the reciprocal tariff set forth in Schedule "D."

I hope I have answered my hon. friend.

Sir CHARLES TUPPER. I suppose it is owing to my obtuseness, but I do not yet understand the hon. gentleman. As I understand him, suppose a country receives the products of Canada upon the same terms as it receives the products of the United States and Germany, is that country regarded as receiving the products of Canada upon the same favourable terms as the reduction that the hon. gentleman proposes will be extended to it?

The MINISTER OF FINANCE. The question will be whether, on the whole, the terms are as favourable as we ourselves offer in our reciprocal tariff. Now, I beg, with your permission, to read the terms of schedule "D" referred to in the enacting clause :

On all the products of countries entitled to the benefits of this reciprocal tariff under the provisions of section—

Left blank. The number will have to be filled in corresponding to section 15 :

—the duties mentioned in Schedule "A" shall be reduced as follows:—On and after the 23rd day of April, 1897, and until the 30th day of June, 1898, inclusive, the reduction shall, in every case be one-eighth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall be seven-eighths of the duty mentioned in Schedule "A." On and after the 1st of July, 1898, the reduction shall in every case be one-fourth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall be three-quarters of the duty mentioned in Schedule "A"; pro-

vided, however, that these reductions shall not apply to any of the following articles, but such articles shall in all cases be subject to the duties mentioned in Schedule "A," namely; ales, beers, wines and liquors; sugar, molasses and syrups of all kinds, the product of the sugar cane or beet root; tobacco, cigars and cigarettes.

These are items which are large producers of revenue, and we think it is not desirable that there should be two rates of duty as respects these articles. With the exception of these articles mentioned, and they are very few, this preferential rate will apply to all the products of Great Britain and to all the products of any other country which is willing to put itself on the same terms as Great Britain, or on terms which will be regarded by the Government of Canada as coming within the privilege designed by this resolution. I have another resolution that I desire to read. The Liberal platform from which I read an extract to-night, declared that a protective tariff had fostered monopolies, trusts and combines. These combines, I am afraid, have not wholly been destroyed. I think there are some of them in Canada now; and I propose to give them a certain notice that they may govern themselves accordingly. Therefore, we propose a resolution which we hope will be useful. I know how difficult it is to reach the combines. I know how ingenious they are, and there is the barest possibility that they will be able to climb over this resolution. But that is no reason why we should not make an effort to deal with what is regarded as a great evil in the community. I propose this resolution :

PROVISION AGAINST COMBINES.

That whenever it shall appear to the satisfaction of the Governor in Council that, as respects any article of commerce, there exists any trust, combination, association, or agreement of any kind among the manufacturers of such article, or the dealers therein, or any portion of them, to enhance the price of such article or in any other way to unduly promote the advantage of such manufacturers or dealers at the expense of the consumers, and that such disadvantage to the consumers is facilitated by the customs duty imposed on a like article when imported, then the Governor in Council shall place such article on the free list, or so reduce the duty on it as to give to the public the benefits of reasonable competition in such articles.

Perhaps, Sir, before I go further, I ought to say something to the House in answer to the suggestions of my hon. friend from York (Mr. Foster) as to the amount of duty to be gained or lost by these changes. I

have to confess frankly that it has not been found possible to make a very elaborate calculation on that point; it is difficult to make a calculation of what amount of duty will be lost or gained under the scheme which I have the honour to submit to the House. As respects a few items, we believe that the reductions made in the duty will undoubtedly involve some loss of revenue; as respects the tariff generally, with the exception of these few items, we think that, while the reductions will be very considerable and of great value to the people, they will be balanced to a large extent, if not altogether, by the expansion of trade which we believe will follow the adoption of this policy. It is not to be assumed that because the duties are reduced, therefore the revenue will be reduced. On the contrary, it is quite conceivable that by a policy of reduction of duty you may increase your revenue; in like manner, it is conceivable that by a policy of increasing your duties, you may not increase your revenue to the extent that you anticipate. Speaking generally, our expectation is that upon a large number of the items, in fact, upon the tariff generally, with the exception of a few items, the reductions will amount to a very considerable sum to the consumer, but there will be such an expansion of trade that practically there will be no loss of revenue. But that would not be true of all the items. There are a few items on which, undoubtedly we shall lose revenue, and perhaps in the statement I make I shall omit to mention something which ought to be considered, because I have frankly to tell the House that the matter is one in which it is somewhat difficult to be precise. I think, however, that in the matter of iron, owing to the large reduction which we make, for example the reduction on pig iron from \$4 to \$2.50 in our general tariff, with a further reduction of one-eighth of that duty, and later on another eighth under the Reciprocal Tariff, there will undoubtedly be, in the beginning at all events, some loss of revenue. Making a rough estimate on that matter, I candidly admit it is only a rough one, I think we may lose on the item of iron \$217,000. I think perhaps on the item of woollens we may lose \$275,000; on cottons something like \$66,000. On the item of corn we will lose about \$207,000, less the amount

which will be paid by the distillers, which I estimate to be in round numbers, \$60,000. Deducting \$60,000 from \$207,000, the net loss will be \$147,000. If we add these to the items already mentioned with respect to iron, woollens and cottons, we have a gross loss of about \$700,000. I do not profess to offer this to the House as a very correct statement, I admit it is difficult to estimate, and we have to do it very broadly and with great doubt as to how it may turn out; but I think we will not be far astray when we say that for the first year we may lose on these items about \$700,000.

We will gain something by the policy we propose, and I will refer to the resolutions I have to propose with respect to the excise duties. The duty at present imposed by the excise law on spirits is \$1.70 per proof gallon. We propose to increase that to \$1.90 per proof gallon. I know there is a desire on the part of some hon. members to still further increase the duty on spirits. It is naturally an article to which a Finance Minister turns in his desire to obtain revenue.

Mr. FOSTER. Takes to drink.

The FINANCE MINISTER. Some Finance Ministers do; as for myself I drink water. But every hon. member who has had any experience of public affairs knows that you may push your spirit duties to a point where you will not get increased revenue, or at all events you will get it at a high cost. I am free to confess that we are rapidly approaching that point in Canada. I do not suppose that we can place the duties much higher than we propose at the present time. If it is considered expedient to still further increase the duties, the experience of other countries leaves ample room for doubt as to whether by increasing the duties you will increase the revenue. I do not profess to give any absolute judgment on the point, but there is some doubt in my mind whether we would derive any increased revenue from the spirit duties if we increased them materially above what we propose. Some branch may be found on which increased duties may be levied, and if such is the case, some Finance Minister will call it into operation.

We propose to reduce the duty on vinegar from 6 cents to 4 cents per gallon, but at the same time we impose a duty of 4 cents

per proof gallon on acetic acid. Those industries have come into conflict, and the manufacturers of vinegar and acetic acid do not agree. I have reason to believe that on the whole this will be measurably satisfactory to all as a fair compromise. It is also proposed that the Government may exempt acetic acid when used for mechanical purposes.

From the imposition of an excise duty on foreign raw leaf tobacco, we get an important item of revenue, as I shall proceed to show, and at the same time we confer considerable advantage on the growers of tobacco in Canada. How far it is possible for our growers to displace foreign leaf was much disputed before the tariff commission; but if the Canadian producer can as a result of this duty get some advantage, we see no reason why he should not have the same opportunity afforded him as has been afforded to other industries. Our main purpose is to get revenue, but at the same time there is no objection to the growers of tobacco in Canada receiving advantage from this resolution.

Mr. FOSTER. How much duty do you expect to receive from this increased duty on raw leaf?

THE MINISTER OF FINANCE. From raw leaf tobacco we expect to receive the comfortable sum of nearly \$1,000,000. We expect to get from increased excise duties on spirits, \$509,000, increased excise duty on cigarettes, \$100,000, and from increased customs duties on spirits, tobacco and cigars about \$173,000. If we should realize our expectations on all these items, and of course there is a probability that the effect of the increased duties may be to diminish consumption—if we would get our full estimate of the amount from increased duties on spirits, cigars and tobacco, the sum will reach \$1,700,000. Of course I quite realize that we may not collect this sum, because it is well known that with increase of duties the difficulties of collection become greater. I have also stated that we shall lose about \$700,000 through reductions in iron, woollens and other goods. I have mentioned in the earlier portion of my speech that if we were continuing the old tariff, we would need about \$750,000 more than it would provide. So if we take

three-quarters of a million, which we might probably need in that regard, and \$700,000 we may need—perhaps that is a large estimate—to make up the loss we will sustain from the reduction of the duties—we will come out about even. The bounty on iron is also to be taken into consideration, and may vary the figures a little. It has already been stated that we are making very material reductions in the duties on iron. The iron industry was not specially favoured in the original National Policy. At all events in later years we know that hon. gentlemen opposite felt they were justified in entering on a policy for the special development of the iron industry, and in doing so they granted bounties on iron and steel billets, as well as raising the duty to a very high point.

BOUNTY ON IRON AND STEEL.

We have reduced the duty and we propose now to make up to some extent, for a short time, the loss to the industry by increasing the bounty. How far it was a wise policy to undertake the development of the iron industry in Canada in the way the hon. gentleman (Sir Charles Tupper) attempted, in the face of many difficulties, and in the light of our experience—how far that was a wise policy may well admit of argument. But, it is not worth our while to argue it to-day. We know that large sums have been invested in this industry. We know that large iron industries exist in the country, and while we may not approve of the policy under which they are established, we have no desire to see them snuffed out now. As in dealing with all other industries, we have shown a very large measure of consideration, so we desire to show fair consideration to the iron industry. Therefore, we say, if it is in the interests of the people of Canada that there shall be a reduction in the duty on iron we are prepared to accept the responsibility of advising that the bounties on iron should be increased for a term of years in order that this industry may have a fair chance for existence.

We have substituted a bounty on the steel ingot for the bounty on the billet, and I am inclined to think that will be more satisfactory to all concerned. We propose the following resolution:—

1. That it is expedient to repeal Chapter nine of fifty-seven and fifty-eight Victoria, being: "An Act to provide for the payment of bounties on iron and steel manufactured from Canadian ore" and all regulations thereunder made by Order of the Governor in Council.

2. That it is expedient to provide that the Governor in Council may authorize the payment of the following bounties on steel ingots, puddled iron bars and pig iron made in Canada, that is to say:

On steel ingots manufactured from ingredients of which not less than fifty per cent of the weight thereof consists of pig iron made in Canada, a bounty of three dollars per ton;

On puddled iron bars manufactured from pig iron made in Canada, a bounty of three dollars per ton;

On pig iron manufactured from ore, a bounty of three dollars per ton on the proportion produced from Canadian ore, and two dollars per ton on the proportion produced from foreign ore;

3. That it is expedient to provide that the Governor in Council may make regulations in relation to the bounties hereinbefore mentioned in order to carry out the intention of these resolutions.

4. That it is expedient to provide that the said bounties shall only be applicable to steel ingots, puddled iron bars and pig iron made in Canada prior to the twenty-third day of April, 1902.

5. That it is expedient to provide that the foregoing bounties shall be payable only on iron and steel for consumption in Canada, and that the Governor General in Council may, at any time by proclamation, impose export duties on such iron and steel if the same shall be exported from Canada; such duties to be not greater than the amount of the bounty payable on such iron and steel.

Perhaps I may say in that connection that those who have no knowledge of the subject may too hastily assume that iron can be satisfactorily made in Canada from Canadian ore. It is not a peculiarity of the iron trade here, but it is known in the iron business generally, that it is found advantageous to blend different kinds of ore, and, therefore, the Canadian producer of iron would not be able to make iron of a satisfactory character if he were compelled to use only the Canadian ore. We recognized that fact, and propose to pay this bounty with due regard to the proportion of the Canadian ore which they may use. We give them the bounty for a term of five years from this date.

There is another provision. We always regard the action of a foreign country which grants bounties on products shipped to Canada in competition with our industries, as a somewhat unfriendly action. We believe that a bounty fed article is improperly brought into competition with our products, and we accordingly feel aggrieved. Now we are willing to pay a bounty on iron manufactured in Canada for consumption

in Canada, but we have no idea of paying the manufacturers of pig iron or other iron a bounty to enable them to supply the world with cheap iron. Therefore, we say that the bounty shall be applied to iron produced in Canada for consumption in the Dominion, and if this iron is shipped beyond the Dominion we have the right to impose an export duty upon it equal to the bounty paid by the Government of Canada.

I think, Sir, I have now presented to the House all the resolutions which are of importance, although there are a number of others that are of such a formal character that I shall not deem it necessary to read them.

THE "FAVoured-NATION" TREATIES.

Sir CHARLES TUPPER. Would my hon. friend allow me to ask him a question, as the subject is a very important one. In granting the advantages which he has stated he proposed to grant to goods imported from the United Kingdom, how does he propose to get over the Belgian and German treaties which actually prohibit Canada from discriminating in favour of Great Britain against either Belgium or Germany, or any of the countries that have most-favoured-nation treatment?

The MINISTER OF FINANCE. I am obliged to the hon. gentleman. That is a subject which I had next on my notes, and I was about to speak upon it. This question of the favoured-nation clause in Imperial treaties has been more than once before this House. There are very many of these treaties but I think as respects the majority of them no question need arise. It will, I believe, be admitted that in most cases the terms of those treaties will not interfere with our liberty of action. Any question that may arise must come as respects the Belgian treaty of 1862 or the treaty with the German Zollverein of 1865. Both of these treaties do seem to provide that it shall not be the privilege of any colony to admit the products of Great Britain into its market without extending similar privileges to Belgium and Germany, and, in effect, this would extend to all countries having the favoured-nation clause.

How far we ought to acknowledge that as a principle that could be properly applied to a self-governing colony like Canada, might well be a question for consideration;

but, Sir, I am not disposed to raise that question to-day. I wish to draw attention to the fact that there is an important distinction between the policy which seems to be forbidden by the Belgian and German treaties, and the policy which I have the honour to submit to the House. By the Belgian and German treaties, any colony would be forbidden to make a preferential agreement with Great Britain alone. We do not by our resolutions offer anything to Great Britain alone. We recognize the fact that Great Britain by her liberal policy is in a position to avail herself of this offer immediately, but we make our offer, not to Great Britain only, but to every nation which is prepared to accept it. We make it to every country which is willing to establish fair and reasonable trade relations with Canada.

Now, I shall not undertake to pass any judgment upon this very important question of the most-favoured-nation clauses of these Imperial treaties. It is an international question, and it is well that we should reserve our final judgment upon it. We recognize that it is a question upon which we shall ultimately have to consult with Her Majesty's Government, and I need not say that any view that may be taken by Her Majesty's Government will be considered by the Government of Canada with the respect that is due to any representation that might be made on any subject, but above all, on a question of an international character. I say that it does not seem fair and reasonable that we should be obliged, while we are offering certain terms, not to Great Britain only but to all countries which will place themselves in the same position—it does not seem to be fair and reasonable that we should be obliged to extend the privileges of this schedule, which we call a reciprocal tariff, to nations which are not willing to do anything in return.

I admit there may be difficulties in the way. It may be possible that the view we take of this matter is not the correct view, but we say it is only fair and reasonable in the interests of Canada, in the interest of fair trade between ourselves and Great Britain, that we should to-day take the position, that the favoured-nation clauses do not apply; and that this resolution which I put upon the Table of the House will only ex-

tend to such countries as are prepared to give admission to our products under fair terms.

Sir CHARLES TUPPER. I would draw the attention of the hon. gentleman (Mr. Fielding) to the fact that the treaty is not made between Canada and other countries. The treaty is made between Great Britain, Belgium and Germany, and applies to all countries that have most-favoured-nation treatment with England. The express terms of one of those treaties, at all events, is that England will not permit any higher rate of duty to be charged upon articles coming from those countries than is charged upon like articles coming from Great Britain herself. If I am correct in my reading of the treaties, the proposal of the hon. gentleman is entirely delusive, and will have no effect whatever.

The MINISTER OF FINANCE. I have to thank my hon. friend for the information that Canada has not made these treaties. I thought, of course, that we all understood that Canada does not make treaties directly but does so only through Her Majesty's Government; and therefore there is not very much information in what my hon. friend has said on that point. What I understand, subject to the ultimate judgment of men who know more than I do—I do not speak as an oracle—with regard to the Belgian and German treaties, is that Great Britain will not allow any colony to offer concessions to Great Britain without at the same time offering them to those countries.

Sir CHARLES TUPPER. Nothing of the kind.

The MINISTER OF FINANCE. While my hon. friend is willing to settle that question in that airy way which is so delightful—

Sir CHARLES TUPPER. The treaty speaks for itself in express terms.

The MINISTER OF FINANCE. Even if it does, the world moves, and possibly the step we are taking to-night may have the effect—and that may be one of the advantages of it—of drawing the attention of Her Majesty's Government and of the English public to the position of those treaties, and thus opening up the question. Meantime, Sir, recognizing the difficulties, recognizing the

possibility that our judgment may be mistaken, and recognizing the obligations we may owe as part of the Empire, we intend for the present to take the view that inasmuch as we offer these conditions to other nations, if they do not see fit to accept them, the responsibility rests upon them and not upon Canada.

EXPORT DUTIES.

Mr. HUGHES. I would like to ask my hon. friend if he has taken any steps in his Budget to provide for an export duty on logs or on pulp-wood ?

The MINISTER OF FINANCE. The hon. gentleman is well aware, and the House is well aware, that numerous representations have been made to the Government on this question of export duties, as applied not merely to logs, but to a number of other articles. It is a large question and one which we believe should be approached with great consideration and deliberation. We are not prepared to-day to declare our final judgment on that question. In the tariff which I submit to the House, we do not propose an export duty on any article, except on iron which has received a bounty. We do not think it would be prudent at this moment to take the step which the hon. gentleman's question suggests. At the same time, we reserve our judgment on that point, and the matter may come up again at a later stage of the session.

BUSINESS PROSPECTS.

We have of late read and heard expressions of opinion that the trade of the country has been very much upset, not so much by uncertainty as to the nature of the tariff, as by the delay in the announcement of it ; and while there seems to be some hesitation in the extension of trade at the time our fiscal system is under review, yet I cannot regard the existence of this period of suspense as wholly hurtful. Warehouses which have been over-full will be drained of their stocks, long credits and over-drafts will be considerably reduced, and in the end business will be established on a firmer basis ; and once the details of the tariff are announced, trade will not only seek its accustomed channels, but will flow in increased volume. Throughout the whole Dominion the prospects look encouraging. In Manito-

ba and the North-west Territories, in consequence of better harvest and better prices for grain, the cloud that has been overhanging for some time seems to be lifting, and with the removal of restrictions and a better administration by my hon. friend the Minister of the Interior (Mr. Sifton), I look forward to that country going rapidly ahead. Further west, our distant province of British Columbia is experiencing an impetus from the development of her rich mineral deposits. In the older provinces there is the promise of a prosperous year, and, as I have said, business is only waiting for the details of the tariff to be announced, to resume its accustomed channels in increased volume.

In conclusion, permit me to sum up the chief points of the policy which I submit to this House. The Liberal party, in its platform at the Ottawa convention, declared itself to be in favour of a reduction of the tariff. That pledge we have fulfilled to-day by substantial reductions in our general tariff, and still further by the large reductions made in our reciprocal tariff. The Ottawa platform pledged the Liberal party to endeavour to bring about the desired reform with the least possible disturbance of business, and with no injustice to any class. That pledge we have fulfilled to-night by placing on the Table of the House a tariff which in its every line shows that the Government have approached the subject with the utmost consideration, and with a desire to disturb in the least possible degree the various business interests of the Dominion. The Ottawa platform pledged us to have particular regard for a reduction of duties on British goods, and my hon. friend the Minister of Marine and Fisheries (Mr. Davies) moved in this House a resolution affirming that policy. We have fulfilled that pledge to-night in the most ample manner. The Ottawa platform pledged the Liberal party to use all honourable efforts to bring about better trade relations with the United States. We have already taken the first step in that direction by commissioning two Ministers of this Government to visit Washington and make known the fact—if it was necessary to make it known—that Canada is willing to negotiate with our American neighbours for a fair and reasonable reciprocity treaty. If our American friends wish to make a treaty with us, we are will-

ing to meet them and treat on fair and equitable terms. If it shall not please them to do that, we shall in one way regret the fact, but shall nevertheless go on our way rejoicing, and find other markets to build up the prosperity of Canada independent of the American people.

We present to this House a tariff which has the advantage of being simpler than the one that now exists, and I feel assured that it will to a considerable extent reduce that friction which has so long existed between the merchants of the country and the Custom-houses. We submit a tariff which largely abandons the specific duties that have been so unjust to the poorer classes. We submit a tariff in which the large free list is practically not disturbed, but has large additions made to it. We give to the country the great boon of free corn, which will have an important effect on the development of our farming interests, and particularly the dairying interest, to which we must look in a very large degree for the prosperity of our farmers and the increase of our exports. We give to the country a reduction of the duty on coal oil, and the removal of burdensome restrictions respecting the sale of coal oil. We give to the farmer his fence wire at a low rate of duty for the present year, and place it on the free list from the 1st of January next. We give him his binder twine on the same terms—a lower rate of duty for the present, and free binder twine from the 1st day of January next. We give the medical and dental professions a boon which the younger and less wealthy members of the profession will appreciate, when we put all surgical and dental instruments on the free list. We recognize the great mining industry of the country by placing on the free list all machinery exclusively used in mining enterprises. We do not confine it to mining machinery made in Canada, but we say it is more important to develop the mining interests of Canada than even to make a few machines in Canada, and so we put mining machinery exclusively used for the purposes of mining enterprises on the free list. We give the people the benefit of reduction on breadstuffs, flour, wheat and cornmeal. We give the manufacturers the benefit of cheaper iron, and much complaint has been

made by them in the past of the burdens imposed upon them by the iron duty. We revise the duties on rice in such a manner that they will not add a cent to the cost to the consumer, yet they will add materially to the public revenue. We give the people a reduction almost all along the line. We provide the necessary revenue to meet the great needs of the country by increased taxes on articles of luxury, such as spirits, tobacco and cigars, and without any increased taxation on the necessities of life. If hon. gentlemen opposite have ever had the free breakfast table they talk about, we make it freer to-day by reducing the duty on the sugar that goes on the breakfast table from \$1.14 per 100 pounds to \$1, which is a material reduction.

PREFERENTIAL TRADE.

And last, but not least, we give to the people the benefits of preferential trade with the mother country. This question of preferential trade has been mentioned in the House in times past. Leading public men have advocated preferential trade, but always annexing to their suggestions a demand with which it was well known England could not comply. All the advocates of preferential trade, at all events all who have taken an active part in that movement, have assumed that, as the first step, England must consent to put a duty on grain. We know that England does not view that project with favour. We know that no more unpopular project can be offered the English people than to ask them to put a duty on breadstuffs. It may be, as time rolls on, and at an early day, they may change their views. It may be that they may see it in their interest to make this distinction, and they may offer some preferential terms to the grain of Canada. If they can be induced to do that by fair argument, I have no doubt it will be a good thing for Canada. But why should we wait for England to take action? England has dealt generously with us in the past. England has given us a larger degree of liberty perhaps than is possessed by any other country on the face of the earth. She has given us liberty to tax her wares even when she admits our goods free, and we have taxed them to an enormous degree. Why should

we wait for England to do more? Somebody must make a move in this matter, and we propose that Canada shall lead the way. My hon. friend the leader of the Opposition says that our project of freer trade with England is a delusive one.

SIR CHARLES TUPPER. Hear, hear.

THE MINISTER OF FINANCE. Is it delusive? When I place these resolutions on the Table of this House to-night, they go into effect, and I speak with pride, in the name of the Liberal party, and the hon. gentlemen around me will share that pride, when I say that to-morrow morning, at every custom-house in Canada from ocean to ocean,

the doors will open on terms of preferential trade with the mother country. I cannot doubt that this tariff will commend itself to this House and to the country, and when this policy shall have passed its various stages, when it shall have passed into law, then the members of the Parliament of Canada may feel that, in this glorious year of jubilee, they have made a noble contribution to that splendid parliamentary record which Tennyson had in his mind when he pictured the reign of Her Majesty Queen Victoria:

And statesmen at her council met,
Who knew the seasons when to take
Occasion by the hand, and make
The bounds of freedom wider yet.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, 5TH APRIL

1898



OTTAWA

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EXCELLENT MAJESTY

1898

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CANADA

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HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

House of Commons, at Ottawa, Tuesday, 5th April, 1898

WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Mr. Fielding) moved that the House resolve itself into committee to consider of the Ways and Means for raising the Supply to be granted to Her Majesty.

He said: I rise, Mr. Speaker, in accordance with notice, to make the motion which you have put from the Chair, and before concluding my remarks I shall place upon the Table of the House a series of resolutions to which it is my desire to invite the attention of the House.

A little less than one year ago, under circumstances which perhaps marked the occasion as one of some importance in the history of Canada, I had the honour to deliver in this House my first Budget speech.

In rising to-day to perform a similar duty, I am sure that I have ample grounds on which to congratulate the House on the condition of the country, and on the results of the policy of the Government which it was my privilege to announce to the House in April last. Canada has had an eventful year, a year marked by great political advancement, material progress and steadily increasing prosperity.

FISCAL YEAR 1896-97.

Following the usual practice in Budget speeches, I shall first ask the attention of the House to a brief review of the operations of

the financial year 1896-97, which ended on the 30th of June last, the accounts of which have been in the possession of the House for some time past. The revenue for that year yielded \$37,829,778, as against \$36,618,590 for the year 1895-96, or an increase of \$1,211,187. The total expenditure on Consolidated Fund reached \$38,349,759, as against an expenditure of \$36,949,142 in 1895-96, or an increase of \$1,400,617. The outcome of 1896-97 left us with a deficit of \$519,981, as against a deficit on the previous year of \$330,551. That, in brief, is the result of the year's operations on account of Consolidated Fund.

Following the usual custom, I give the details of the revenue, as compared with the previous year:

	1896-97.	1895-96.	Increase.	Decrease.
	\$	\$	\$	\$
Customs..	19,478,247	19,833,279	. . . . .	355,032
Excise....	9,170,378	7,926,005	1,244,372	.....
Miscellaneous...	9,181,152	8,859,305	321,846	.....
	37,829,778	36,618,590	1,566,219	355,032
				1,211,187

It will be noticed that there was a slight decrease in the customs revenue, which can be attributed to the restrictive effect on the imports of the anticipated changes of the

fiscal system inaugurated 23rd April of last year, and to the reduction in the duties between that date and 30th June. The large increase of excise is, of course, accounted for as an anticipation of the current year's receipts, in view of expected changes in the duties of excise. In the items composing miscellaneous, the chief increase is in the receipts from post office. Taking up the report of my colleague the hon. the Minister of Customs, I find that, on the following articles, important increases in duty have been received :—

Animals, living.....	\$ 17,122
Carriages	59,072
Fancy goods	9,902
Glass and manufactures of.....	10,760
Leather do	17,103
Oils, coal, kerosene and products of	24,880
Sugar of all kinds	584,396
Spirits and wines.....	221,733
Tobacco and manufactures of.....	33,755
Watches	17,574

On the other hand, in the following articles important decreases have taken place in the duties collected, as compared with the previous year :

Books, periodicals and other printed matter	\$ 15,371
Grain of all kinds.....	101,121
Flour and meal of all kinds.....	36,229
Cotton, manufactures of	154,418
Flax, hemp and jute, manufactures of	52,137
Fruit and nuts, dried.....	68,337
do green.....	22,192
Furs and manufactures of.....	28,113
Gloves and mitts.....	40,943
Gutta percha and india-rubber, manufactures of	11,495
Gold and silver, manufactures of..	13,660
Hats, caps and bonnets	16,138
Iron and steel, and manufactures of	63,574
Musical instruments.....	12,010
Oils, all other than coal, kerosene, n.e.s.....	30,293
Oil cloth.....	9,887
Pickles, sauces and capers of all kinds	8,192
Silk, manufactures of.....	166,656
Stone and manufactures of.....	8,917

The details of the increase in excise are as follows :—

CONSUMPTION OF SPIRITS, &c.

The per capita consumption of the following articles usually finds a place in the Budget, and I give it, as follows :—

	Spirits,	Beer,	Wine,	Tobacco,
	Galls.	Galls.	Galls.	Lbs.
1894 .....	.742	3.722	.089	2.264
1895 .....	.666	3.471	.090	2.163
1896 .....	.623	3.528	.070	2.120
1897 .....	.723	3.469	.084	2.243

It will be noticed that there is an apparent increase in the consumption of spirits in 1897, but that, I think, is to be accounted for by the fact that in anticipation of the changes in the excise duties last session, very considerable quantities were entered for duty, which will probably affect the consumption for the next year, so that the figures which show an increase, rather show an increase in mercantile operations than in actual consumption. The average per capita consumption was as follows :—

Spirits	Gall.	1.026
Beer	do	2.920
Wine	do	.180
Tobacco	Lbs.	2.173

We come now to the expenditure of the year.

Mr. FOSTER. Before going to the expenditure of the year, can my hon. friend tell me what amount of the increase is due to the Jubilee stamps of 1896-97 ?

The MINISTER OF FINANCE. I have not included that in my statement, but I shall be glad to give it later on. The post office revenues in the public accounts show it in general terms. I shall furnish it later on if the hon. gentleman desires.

The expenditure on consolidated revenue reached \$38,349,759, being an increase of \$1,400,617 over that of the previous year. Taking up the details of the outlay, I find

Articles.	Quantity, 1896.	Quantity, 1897.	Duty, 1896.	Duty, 1897.	Increase.
Spirits.....	Galls.	2,344,767	2,782,514	3,973,300	4,732,506
Malt.....	Lbs.	51,690,278	68,443,353	775,354	1,026,632
Cigars.....	No.	108,290,260	113,276,105	648,462	678,029
Cigarettes.....	No.	80,461,900	93,798,000	120,692	156,257
Tobacco and Snuff.....	Lbs.	9,392,487	10,690,765	2,228,697	2,398,443
				7,746,505	8,991,387
					1,245,382

that in the following services there is an increased expenditure :

Interest on public debt	\$143,233
Charges of management.....	29,905
Sinking funds.....	46,526
Premium, discount and exchange...	36,833
Civil government.....	22,218
Administration of justice.....	16,491
Dominion Police	1,085
Legislation	230,084
Penitentiaries	24,370
Arts, agriculture and statistics	13,512
Immigration	7,239
Quarantine	24,914
Pensions	4,801
Militia	530,874
Public Works, Consolidated Fund..	163,949
Railways and canals.....	7,961
Mail subsidies and steamship sub- ventions	18,895
Ocean and river service.....	1,805
Marine hospitals	1,447
Fisheries	16,336
Geological Survey.....	14,331
Subsidies to provinces.....	2,394
Indians	27,655
Miscellaneous	9,392
Customs	48,912
Post Office	124,467
Trade and Commerce	5,141

On the other hand, there have been decreases on the following :—

Superannuation	\$ 3,439
Mounted Police	6,852
Lighthouse and coast service.....	20,314
Scientific institutions	1,705
Government of the North-west Ter- ritories	10,167
Excise	6,443
Weights and measures and gas....	6,150
Railways and Canals, collection....	100,535
Dominion lands.....	8,492
Public Works, collection.....	11,892

The main increases will be found to be in the interest on public debt, legislation, militia, public works, and post office, and the causes operating in these cases were explained in my remarks of the 22nd of April last year and are sufficiently well known. I need not refer to them further than to say that they are the direct result of the apparent economy accomplished by my predecessor in 1895-96, an economy, which I am justified in saying was only apparent, because I think hon. gentlemen themselves will admit that it was not possible to continue the expenditure on the figures of that year. Indeed, hon. gentlemen on the other side, by the remarks they have made on these subjects, have frequently admitted as much.

PREDICTIONS AND RESULTS.

In concluding my observations upon the business of the fiscal year 1896-97, ending the 30th of June last, let me express the

hope that my hon. friends opposite will allow me to congratulate them on the very happy failure of some of the very gloomy predictions which they made respecting that year. It may be remembered that in the closing hours of the first session of this Parliament, my hon. friend the leader of the Opposition (Sir Charles Tupper) and my hon. friend the ex-Minister of Finance (Mr. Foster) made very strong attacks upon the financial position of the Government, and predicted that very direful things would happen in the first year of Liberal administration. I do not propose to detain the House with lengthy quotations from their remarks, but I may summarize their predictions very briefly. My hon. friends stated that we were entering upon a year of reckless expenditure which could only end in financial disaster. They declared that within that current year of 1896-97, I would be obliged to borrow at least \$10,000,000, and that I would have to go on the money market under conditions that would greatly damage our public credit. They will, I hope, be gratified to learn that during that current year we did not have to go on the general money market at all; that our total temporary borrowing, in the usual way of treasury bills, did not amount to ten million dollars or even half of ten million dollars; and that the only borrowing in which we indulged, over and above the renewal of a loan contracted by my predecessor, was less than three million dollars, and that when at a subsequent and proper time we did proceed to place a loan on the London market, instead of going with a damaged credit, as my hon. friends predicted, we went under favourable conditions and met with gratifying success.

They also stated that we would not be able to come out of the year's operations with a deficit of less than \$3,250,000. As late as the month of April last, my hon. friend the ex-Minister of Finance modified his calculation, but even then he predicted that we could not come out of the year with a deficit of less than \$2,000,000. He will, I am sure, be glad to learn that we came out of the year with a deficit, not of \$3,250,000, not of \$2,000,000, but of the modest sum of \$519,000. My hon. friend said that in the first year of Liberal administration we would have an expenditure of

at least forty million dollars. He will be glad to learn, I hope, that the expenditure of that year amounted to only \$38,349,759.

My hon. friend said that he could appeal with confidence to the great arbiter, time, to decide these things. Well, the great arbiter has given judgment, and has given judgment against my hon. friend and in favour of the Administration. I suppose it would be too much to expect of my hon. friends opposite that they will take the cheerful view which we, on this side, are disposed to take of the prospects of the country under a Liberal Administration. I suppose it is even possible that their sense of duty may oblige them to continue to draw the same alarming picture of the future under Liberal rule. We, on this side, will have to comfort ourselves with the thought, when we have these alarming predictions, that time, the great arbiter, will continue to decide against my hon. friends and in favour of the present Administration.

REVENUE FROM THE LIQUOR TRAFFIC.

I have given some figures respecting the consumption on spirits and intoxicating liquors, and it has occurred to me that, in view of the agitation on the subject of prohibition, which is likely to be continued and to take a more emphatic shape at an early day, there will be frequent references, no doubt, to the amount of duty and the revenues of the various departments of the Government arising from the liquor traffic. I think that, therefore, it might be convenient to include in the Budget a statement showing exactly what are the revenues derived from that source. The statement is for the year 1896-97.

	Quantity.	Duty.
Customs—		
Ale, beer, &c...Galls.	327,216	\$ 65,245 30
Excise—		
Malt	Lbs. 68,443,353	1,026,652 13
Customs—		
Spirits and wines.G'l's.	1,396,136	2,406,529 81
Excise—		
Spirits	Galls. 2,782,514	4,732,506 19
Or,		
Customs		\$ 2,471,775 11
Excise		5,759,158 32

Summing it up, we find that the revenues received from these sources are : Customs, \$2,471,775.11 ; excise, \$5,759,158.32, making a total revenue from that source of \$8,230,933.43.

THE CURRENT YEAR, 1897-98.

So far, Sir, I have dealt with the financial year ending June last. Now, let us turn our attention to the current year, of which nine months have elapsed. With this elapsed period as a basis of calculation, I shall endeavour to estimate what our position will probably be on the 30th June next. Up to 31st March last, according to the latest statements we have obtained, our customs revenue amounts to \$16,111,029.82.

Making due allowance for the increase we have lately been experiencing in the receipts from this source, and keeping in mind that after 1st July the preferential feature of our tariff obtains its full development and consequently there will be a slight check in the imports in May and June, I think I am within the mark when I estimate the customs revenue at \$21,000,000, as against last year's yield of \$19,478,247. From excise, I do not expect to receive more than \$8,000,000, as compared with \$9,170,378 received last year, on account of various disturbing causes. As between the two years, there is no doubt our revenue this year from that source will be less. From miscellaneous sources I anticipate our revenue will be \$10,300,000 ; or \$39,300,000 in all.

So much for the revenue. On the other hand, the actual expenditure up to the 31st March on account of consolidated fund amounted to \$22,987,258, which is just on about a level with last year, if we take into account the fact that there is a quarter's post office expenditure of last year which does not appear this year but will come in at a later stage of the accounts. We must add to the outlay against us the expenditures which will be imposed upon us in connection with the opening of the Yukon district and the maintenance of law and order in that territory. So, to be on the safe side, I put the total consolidated fund expenditure for the current fiscal year at \$38,750,000. If this estimate proves correct, and if we receive the estimated revenue of \$39,300,000, the business of this year, closing the 30th June next, will end with a surplus of \$550,000.

A PROBABLE SURPLUS.

My aim and expectation in that respect are that we shall have in this current year

a surplus which will wipe out the deficit of last year, and leave a balance, possibly even a larger balance than I would now care to state, on the right side. I feel confident that this is a safe and conservative estimate of the result of the year's operations. Some features of the year's business have been so abnormal, there has developed such buoyancy in trade, that I should not be surprised if the outcome of the year should be more favourable than I have indicated. The total consolidated fund expenditure for the current year I have just estimated at \$38,750,000, or some \$400,000 over last year's actual expenditure. The reasons for this are to be found in the additional interest on the public debt that has to be paid on account of the loan of last autumn, the necessary outlay in connection with the opening up of the Yukon district, an increased outlay resulting from a vigorous policy to be pursued in the Department of Agriculture, and also in the branch of the Department of the Interior which has special reference to immigration. The extension of the Intercolonial Railway to Montreal will also go to swell our gross expenditure, although I am assured by my hon. friend the Minister of Railways that the increased outlay will be offset at an early day by increased receipts that will accrue from the working of the extension. Although our borrowings in London, last October, as I shall show, were less than half the amount authorized, and it might be supposed therefore that we should have occasion again to resort to temporary loans at an early day, I am glad to be able to say that, owing to the buoyancy of trade and of revenue, our financial position has become so strong that I do not anticipate that it will be necessary, during the current year, to issue a single Treasury bill or borrow any money in any shape or form.

DEBT STATEMENT, 1896-97.

I desire now to refer to the debt statement for 1896-97. On the 30th June, 1896, our net debt stood at \$258,497,432.77. As a result of the year's operations, it has been increased by \$3,041,163.69, the details of which are as follows :—

Expenditure on Capital Account and on Canadian Pacific Rail- way	\$3,519,875 59
Deficit of the year.....	519,981 44
Railway subsidies	416,955 30
Rebellion in the N.W.T.....	3,284 64
Consolidated Fund transfers, including liabilities incurred	

prior to 30th June, 1896, Post Office Department	682,880 52
Total	5,142,977 49
Less—Sinking Fund investments	2,101,813 80
Net increase.....	3,041,163 69
Making the net debt on 30th June, 1897.....	\$261,538,596 46

For the current fiscal year, I find we have expended up to the 31st March on capital account, for railway subsidies and for discounts and charges in connection with the late loan, in all \$4,506,185. To complete the year's requirements on capital account and railway subsidies it is estimated that we shall need \$3,000,000, making a total of \$7,506,185. In order to ascertain the net increase of our debt, we must deduct the sinking fund investments which are estimated to amount to \$2,300,000 and estimated surplus of \$550,000, leaving an increase in the net debt of \$4,500,000 in round numbers for the year 1897-98.

Mr. CLANCY. Where are the cheers ?

Mr. MACLEAN. We are sitting on them.

THE YEAR 1898-99.

The MINISTER OF FINANCE. We propose that hon. gentlemen opposite shall continue to sit on those chairs for a long time yet. With regard to the fiscal year beginning on the 1st July next and ending on the 30th June, 1899, it is, of course, too early at this day to estimate in more than general terms. However, I do not think that, so far as the customs revenue is concerned, we should fall behind this year's income, which I have estimated at \$21,000,000. We have to remember, of course, that on the 1st July this year the second stage of our preferential tariff will be reached, and the reduction of 12½ per cent already accrued will be followed by a further reduction of 12½ per cent, making a total of 25 per cent. The first reduction of 12½ per cent was, perhaps, not large enough to make any great change in the stream of British imports. Besides it takes time for the British merchant to understand the operation of these tariff changes, and just about the moment when he became aware of the reduction, and was prepared to deal with it, the difficulty arose with respect to the Belgian and German treaties, which resulted in the so-called preference being for a time extended to a large

number of countries, and therefore Great Britain was not in a position to enjoy the 12½ per cent reduction as fully as we had expected and desired.

Mr. FOSTER. The difficulty arose before that, did it not?

The MINISTER OF FINANCE. No, only in the minds of my hon. friends opposite. There are no difficulties in this question on this side of the House; there were difficulties which my hon. friends opposite for years sought to remove without success, and which have been removed by this Government. I expect, therefore, that when the full reduction of 25 per cent takes place, when the preference is confined, as it will be, to imports from the mother country and from certain British colonies to which I shall refer, I expect there will be a considerable increase in imports from Great Britain, and on these imports we shall receive a smaller amount of revenue than we have hitherto received. With a view to maintaining our position as a sound one financially, to upholding our credit and guarding against deficits, it will be the part of wisdom to anticipate loss of revenue in that respect by making some increase to the revenue in other quarters, and of that I will speak later on. Excise should provide at least eight and one-half millions, and from miscellaneous sources, making due allowances for increase in railway receipts, from post office and interest on investments, we should receive eleven million dollars. These I estimate will give us a total revenue of \$40,500,000. I am speaking now of the year beginning on the 1st of July next, concerning which, of course, our estimates will have to be of a very general character, with very little opportunities of coming to close quarters, not such opportunities as we have with regard to the current year. We have laid on the Table of the House the Estimates for 1898-99, to the extent of \$39,124,000. These Estimates include two new items, one of \$396,000 for the expense of the Yukon district, and another of \$760,000 for the running expenses of the Intercolonial Railway extension to Montreal. Under our method of keeping accounts, the increased

cost of operating the Intercolonial Railway has to be added to our general expenditure, even though it might be a source of profit to us, represented by an increase on the other side of the account. These two new items for the Yukon and for the Intercolonial Railway, items which were not necessary in our past Estimates, but that we all recognize are necessary now, amount to \$1,156,000. If we take this from the total amount of the Estimates, it will be found that the remainder, \$38,168,000 is about the same as asked for in the main Estimates for the current year.

EVIDENCES OF PROSPERITY—THE BANK RETURNS.

In April last, in the course of my remarks on the financial outlook, I expressed my belief that when the details of the tariff were once settled and announced, trade would not only continue to flow in its usual channels, but that we might expect a large increase. When those words were uttered, the circumstances that I then enumerated pointed unmistakably in this direction. The good harvest, however, and increased prices have since that time lent their force to the tide of events, and the period of resulting prosperity that Canada is and has been for some time past enjoying must be indeed gratifying to every hon. member of this House, and to every citizen of Canada, and must confirm the conviction that we all have as to the great possibilities of the future development of our country.

I am sure, Mr. Speaker, you will bear with me when I turn aside for a moment to enumerate a few of the directions in which this development and prosperity have made themselves felt. I propose to speak first as an illustration of the increased prosperity of the country, of the increased business of the country—I propose to speak of the deposits in the banks. In the bank circulation the effect has been most pronounced. I need not weary the House by giving the details of the bank statements, but I may present a table showing the deposits in the chartered banks for the past six years, together with the totals:

	Chartered Banks.	Govt. Savings Banks.	Total.
30th June, 1892.....	\$ 160,942,778	\$ 39,529,547	\$ 200,472,325
30th June, 1893.....	170,817,433	41,849,658	212,667,091
30th June, 1894.....	174,930,936	43,036,012	217,966,948
30th June, 1895.....	180,664,121	44,450,498	225,114,619
30th June, 1896.....	183,769,992	46,799,818	230,569,810
30th June, 1897.....	201,141,688	48,934,975	250,076,663
31st December, 1897.....	222,002,147	49,466,656	271,468,803

That is to say, that in the six months from June last to December the deposits have increased by over \$21,000,000. demand for Dominion notes and bank notes, which the elasticity of our banking system has been fully able to meet. I append

To carry on the increased business of the country there has been a very heavy six years past:

	Government.	Banks.	Total.
31st October, 1892.....	\$38,683,429	\$18,647,063	\$57,335,492
31st October, 1893.....	36,906,941	19,844,248	56,751,183
31st October, 1894.....	34,516,651	22,212,884	56,729,555
31st October, 1895.....	34,671,028	22,893,259	57,564,287
31st October, 1896.....	35,955,150	21,607,553	57,562,703
31st October, 1897.....	41,580,928	24,751,932	66,332,860

Mr. FOSTER. May I ask my hon. friend if he took the same date in each case for the Government bank figures?

The MINISTER OF FINANCE. Yes, the figures in both cases are for the 31st of October, 1892, and continuing at the same date each year.

The October circulation, which is, as a rule, the highest of the year, on account of the moving of the crops, ran about 56 or 57 millions of dollars for the year 1896 and the four preceding years. The business of October, 1897, required over 66 millions, or an increase of close to nine millions over 1896.

The volume of the general business of the country was such as to very markedly increase the aggregate bank clearings of the five principal cities—Montreal, Toronto, Halifax, Winnipeg and Hamilton. The total

clearings for the three years, 1895, 1896 and 1897, according to the "Monetary Times," were:

1895.....	\$1,039,967,000
1896.....	1,025,960,000
1897.....	1,151,906,000

or an increase of \$126,000,000 in the clearings of 1897 over 1896. For the four weekly periods—ending Thursday—in January, 1898, the total clearings were \$108,509,673, against \$89,901,000 for the similar periods of January, 1897, or an increase of over \$18,000,000. For February last, the total clearings for the five cities mentioned were \$108,385,302, as compared with \$74,612,552 for February, 1897, an increase of \$33,772,750.

RAILWAY TRAFFIC.

The railways, too, have experienced the benefits of this upward movement in trade,

and the published traffic returns are an index of the extent of the betterment so far as they are concerned. From 1st July to the end of February last, the weekly statements of the two great railways of Canada show continual and steady increases over the corresponding weeks of last year. The gross receipts of the Canadian Pacific Railway for the year ending 31st December, 1897, were \$24,049,534, against \$20,681,596 for the previous year. The gross receipts of the Grand Trunk Railway, according to their weekly returns, for the same period were \$19,521,588, against \$18,731,885 for the previous year. The increase in the earnings of the roads is mainly attributable to their freight and live stock business. The share and bondholders have, of course, profited by the improvement in the earning capacities of the roads, and the market values of their securities have advanced by bounds. Take the Canadian Pacific Railway ordinary \$100 shares. The closing price of December, 1896, was 56½; the lowest price of 1897 was 46½, and the latest December price was 83½. The closing price on 29th of January last, according to the "Economist," was 91½.

In Grand Trunk securities the advance was equally marked. Taking their 4 per cent guaranteed and their first preference stocks, I find the lowest price of 1897 was 39½ and 30½ respectively, while on the 29th January they were quoted at 76½, 77½ and 67½ to 68½ respectively.

Taking the Canadian Pacific Railway stocks quoted in the "Economist," and the principal Grand Trunk issues, I find that securities of these two railways to the nominal value of £88,187,497 were worth on the market: On 31st December, 1895, £48,814, 887; on 31st December, 1896, £50,430,613; on 31st December, 1897, £62,317,910.

TRADE RETURNS.

I will now take a few figures from the Trade Returns for 1896-97.

The total value of the imports into Canada for the year amounted to \$119,218,609, which is nearly a million and a quarter of dollars in excess of the previous year, and over eight millions in excess of the fiscal year 1894-95.

Canada's export trade during the year was, by far, the largest and greatest in its his-

tory. The total value of the exports for the year amounted to the sum of \$137,950,253, which is over 16 millions of dollars in excess of the previous year, and 24 millions in excess of the fiscal year 1894-95.

The total value of the imports for home consumption, exclusive of coin and bullion, for the eight months of the current year, up to the end of February, amounted to \$80,821,831, which is \$12,081,330 in excess of the corresponding period of the last fiscal year.

Including coin and bullion, the imports for home consumption for the eight months amounted to \$83,785,737, which is \$10,506,815 in excess of the corresponding period of the last fiscal year.

The total exports for the eight months amounted to \$119,644,464, which is \$26,451,521 in excess of the export trade for the corresponding period of last year, and which is also in excess of the export trade for any whole year in the history of Canada, prior to 1896.

AGRICULTURAL PROSPERITY.

While we have thus placed before us the many evidences of the growing prosperity of Canada, let us not be unmindful of the chief causes of this happy condition of affairs. The general business of Canada has been prosperous because prosperity has come to the great agricultural class. There have been some mistaken notions in the past as to relations between manufactures and agriculture. The idea existed in some quarters that we could build up a prosperous farming community by stimulating manufactures. The home market was everything. Canada for the Canadians was the cry. There are some things in which it is well to have Canada for the Canadians, but we would do well to put a wise limitation on the meaning of the expression, and seek for prosperity through the markets of the world. I think the country has awakened to the fact that, in the effort to make prosperity for the farmers through the stimulating of manufactures, the cart was being placed before the horse. If we can fill up the farm lands of Canada with industrious, prosperous and happy settlers, producing, not for the home market only, but for the markets of the world, we shall have the truest possible foundation for a successful manufacturing industry and for general prosperity.

Let us then, while we rejoice in these figures which I have the privilege of presenting to the House, and while we rejoice in this prosperity, let us remember that that prosperity is due chiefly to the success of the farmer, and let us see that by every reasonable and proper effort we shall endeavour to encourage the development of agriculture throughout the Dominion of Canada.

THE 2½ PER CENT LOAN.

I desire now to draw the attention of the House—though it may be necessary only as a matter of form—to the new loan which I had the pleasure of raising on the London market last autumn. You will recollect that a Loan Act was passed last session for \$15,000,000. There were outstanding borrowing powers at that time to the amount of upwards of \$8,000,000, and that together with our powers under the Act of last session, gave us borrowing powers to the amount of upwards of \$23,000,000. The objects of these large borrowing powers are well known. We had entered upon large expenditures in respect to canals; we had incurred considerable obligations in respect of railways, and it was necessary to make provision for these as the obligations might arise. I may say that at the time the Loan Bill was before the House last session, the impression upon the minds of some hon. gentlemen was that the \$15,000,000 was rather less than we should require. However that may be, taking the \$15,000,000 which Parliament authorized us to borrow, together with the \$8,000,000 outstanding borrowing powers, we were entitled to borrow \$23,000,000. We did not, however, think it wise to exercise that power to the full extent. We came to the conclusion that it would be a wise policy to make our new loan for a moderate amount, and it was decided that we should make a loan for £2,000,000 sterling, or about \$10,000,000. There were several reasons for that. We did feel hopeful, in view of the growing prosperity of the country, that we should not need to borrow so large a sum as many hon. gentlemen thought would be necessary, and there was the further consideration, that after due deliberation we resolved to try a very serious experiment—if one can call anything like that an experiment—we resolved to take the somewhat serious step

of making a break in the rate of interest in the London market. Canada up to that time had no securities below 3 per cent, nor had any other colony. In view of the favourable condition of the money market; in view of the high position of Canadian credit; in view of the general tendency towards a reduction in the rate of interest, we thought the time had come when we could make the experiment—some called it a bold experiment—of going on the London market and asking the investors to buy our bonds at a 2½ per cent basis. And, Sir, having thought that matter out, we came to the conclusion that it would be a wise policy to make our first loan at that rate for a very moderate amount. We so decided for this reason: that in going upon the market with a new loan at a new rate, one always has to meet a certain degree of prejudice; one will never get in a first operation of that character so good a price as may be expected later. We thought, therefore, that if we could get along comfortably with £2,000,000 sterling, it would be wise to confine our loan to that amount in order that we might establish the market for our securities on a 2½ per cent basis, with the expectation that they would increase in value and that at no distant date, when it would be necessary for us to go on the market for the balance, we should have our credit fairly established on the 2½ per cent basis. Believing the moment favourable, in the month of October, we arranged to place our loan upon the market. The conditions of the market up to that time had been reasonably favourable, but the money market did take a slightly unfavourable turn at the eleventh hour of our transaction. After our prospectus had been issued the money market hardened somewhat, and on the very evening before our tenders were to be received, the Bank of England rate—which is the standard which governs all money transactions in London—was advanced a half per cent. Taking such a serious step as we were at that time, one might well have some anxiety as to the result in view of that unfavourable turn. However, I am glad to be able to state that so strong was the position of Canada in the money market, that when this proposal was made, even under that momentary adverse circumstance, the re-

sponse of the public was very satisfactory and our loan was more than doubly subscribed. We placed the bonds on the market at the price of 91 and they were taken at 91 pounds 10 shillings and 5 pence.

Considering, Sir, that it was the first operation of the kind that any colony had ever attempted, I feel that we all have great reason—and I am sure my hon. friends opposite will join in my words heartily when I say it—we have all great reason to congratulate ourselves, irrespective of party, upon the very high position that Canadian credit has taken in England. I have here a statement showing the rates of interest that have been paid for the various Canadian loans since confederation, and as it may be found useful for future reference I shall read it.

In 1869 Canada issued a loan which was partly a guaranteed loan, one portion bearing 4 per cent and one 5 per cent, at a price which made the cost to Canada 4½ per cent.

In 1873, another loan was issued which was also a guaranteed loan, and the cost to Canada was 3 9-10ths per cent.

Of course I need hardly say that where a loan had the guarantee of the Imperial Government the rate was more favourable.

In 1874, a Canadian loan cost Canada 4½ per cent.

In 1875, a loan which was partly guaranteed cost 4½ per cent.

In 1876, a 4 per cent Canadian loan cost 4½ per cent.

In 1878, a guaranteed loan cost 4½ per cent.

In 1879, a Canadian 4 per cent loan cost 4½ per cent.

In 1884, a 3½ per cent loan cost 4½ per cent.

In 1885, the cost of a 4 per cent loan was 4 1-12th in one case, and in another class of bonds 4 1-10th.

In 1888, the cost of a 3 per cent loan was 3½ per cent.

In 1892, the cost of a 3 per cent loan was 3½ per cent.

In 1894, the cost of a 3 per cent loan was 3½ per cent.

In 1897, our 2½ per cent loan was sold in London at a price which represents about 2½ per cent.

MEMO. re CANADIAN LOANS.

Year.	Amount of Loan.	Rate of Interest.	Price realized per £100.			Actual rate of interest paid.
			£	s.	d.	
1869..	*1,500,000	4½				
	500,000	5	105	12	11	4½
1873..	*1,500,000	4½				
	300,000	4½	104	7	8	3½
1874..	4,000,000	4				
	1,500,000	4½	90	3	3	4½
1875..	*1,500,000	4½				
	1,000,000	4½	99	1	8	4½
1876..	2,500,000	4				
	1,500,000	4½	91	.....	.....	4½
1878..	1,500,000	4½				
	3,000,000	4	96	11	9	4½
1879..	3,000,000	4				
	5,000,000	3½	95	1	10	4½
1884..	4,000,000	4				
	6,443,136	4	91	2	2	4½
1885..	Canada reduced	4				
	4,000,000	3	101	1	8	4½
1888..	6,443,136	4	.....	.....	.....	4½
1892..	2,250,000	3	95	1	0	3½
1894..	2,250,000	3	92	0	10	3½
1897..	2,000,000	2½	97	9	2	3½
			91	10	5	2½

* Guaranteed.

I have a more elaborate memorandum showing the comparisons between the various Canadian loans for some years, and this comparison has usually found a place in the Budget speech. If the House will permit me I shall, without reading it, have it incorporated in the statement so that it may be convenient for future reference.

MEMORANDUM respecting Canadian Loans placed on the London Market since 1867.

Loan.	Price realized.	Duration of Loan, years.	Rate per cent.	Price in prospectus.	Total issue.	Discount or Premium.	Amount realized.	Net Amount of Cash realized.	Rate of interest.	
					£	s.	d.	£	s.	d.
Intercolonial Railway, 1869, guaranteed.										
do 1869, unguaranteed.	105 12	11 1/2	35	{ 4 5	1,300,000	1 500,000	f f	P. 112,946	..	2,112,946
do 1873, guaranteed.	104 7	8	30	4 31	1,500,000	4	300,000	P. 78,971	6	1,878,971
Rupert's Land, guaranteed.	90 3	3	30	4 35	4,000,000	4	1,500,000	D. 393,476	17	6
Loan of 1874.	90	3	30	4 35	3,606,523	2	6	3,606,523	2	6
do 1875, guaranteed.	99 1	8	130	4 91	1,000,000	4	1,000,000	D. 22,930	9	1
do 1875, unguaranteed.	91	91	30	4 35	2,500,000	4	2,500,000	D. 225,000	..	2,275,000
do 1876.	96 11	9	130	4 35	1,300,000	4	1,300,000	D. 102,347	12	6
do 1878, guaranteed.	96 1/2	4	130	4	1,500,000	4	3,000,000	D. 147,296	6	2,897,632
do 1878, unguaranteed.	95	95	10 1/2	29	4	3,000,000	4	D. 445,870	..	47,988
do 1879.	91	91	2	*25	5,000,000	4	4,000,000	P. 4554,130	..	94,633
do 1884.	99	101	1	8	25	4	4,000,000	D. 43,416	..	4,043,416
do 1885.	..	..	..	..	..	..	..	..	..	..
Canada reduced.	..	..	..	..	..	..	..	..	..	..
Loan of 1888.	92 1/2	95	1	24 1/2	4	6,443,136	2	D. 54,376	2	9
do 1892.	91	92	10 1/2	50	3	4,000,000	4	D. 197,904	..	3,802,096
do 1894.	95	97	2	43 3/4	3	2,250,000	3	D. 175,009	16	2,070,990
do 1897.	91	91	5	50	21 1/2	2,200,000	3	D. 57,115	6	9
								D. 169,625	5	1,880,374
								D. 169,625	..	15 ..
										22,358 7
										8
										1,808,016 7
										4
Charges, including Disbursements for immediate payment, and Intermediate Payments, on part paid in instalments.										28628

* Or 50 years calculated for 25 years only.

Mr. FOSTER. Has my hon. friend (Mr. Fielding) finished his remarks on the loan business?

The MINISTER OF FINANCE. For the present; there is one point further, but I shall be glad to have my hon. friend (Mr. Foster) ask me any question now.

Mr. FOSTER. Would my hon. friend (Mr. Fielding) lay the prospectus on the Table?

The MINISTER OF FINANCE. I shall be very glad to.

Mr. FOSTER. What was the length of the last loan?

The MINISTER OF FINANCE. Fifty years. There is one other element in connection with that loan to which I may make a passing reference. Not only was it desirable that we should have our loan placed on a $2\frac{1}{2}$ per cent basis, if possible, for the sake of the transaction itself, but such a change to the $2\frac{1}{2}$ per cent rate became of further importance in view of the early maturity of a large amount of our existing loans.

MATURING LIABILITIES.

By reference to page lxiv. of the Public Accounts, it will be found that between the years 1903 and 1910, we shall have loans maturing to the amount of £34,443,136, or \$167,623,262. To assist in meeting the payment of these liabilities, I estimate that we shall have accumulated sinking funds to the value of \$66,971,181. So that we shall have to renew or convert the balance of these maturing loans to the amount of over \$100,000,000. The net rate of interest on our last loan, taking into account all charges, was 2.86 per cent. At the rate of interest which these loans that are to mature now bear, it would take about \$4,000,000 to pay a year's interest on the \$100,000,000; but at the rate of 2.86 per cent, the interest on the \$100,000,000 would amount to \$2,860,000, or a difference of \$1,140,000. That is to say, if the money market when these various loans mature should prove as favourable to Canada as it was when we placed our recent loan, there would be a saving of interest to the extent of over \$1,000,000 per year, as compared with the rate of interest which these loans now bear.

We may reasonably hope to effect that saving, and something more; for we all anticipate, I am sure, that the credit of Canada, high as it is now, will continue to improve, and that before the date is reached at which these loans fall in, we shall be able to borrow, not simply at the rate of 2.86 per cent, as we did last year, but at a rate which will come much closer to $2\frac{1}{2}$ per cent, which will be the face value of the securities. I think, then, in view of these large maturing loans, as well as from the nature of the recent transaction itself, hon. gentlemen on both sides of the House will have been pleased to learn that we took the step of placing a $2\frac{1}{2}$ per cent loan on the market; and I am glad to know that the transaction was not a subject of party dispute, but that its success was recognized by the press of the country irrespective of party.

CHEAPER CAPITAL.

I shall now address myself to a question which was brought very forcibly to my mind and to the minds of my colleagues of the Tariff Commission during our investigations of a year ago. Among the many complaints which were made to us by manufacturers and business men as to the disadvantages under which they laboured, one prominent complaint was that the cost of capital was considerably in excess of what many of their rivals and competitors had to pay. A very large amount of the business of the country is carried on by credit, and the cost of money to the merchant and the manufacturer is a very serious consideration. It might be said that this is a matter with which the Government has little or nothing to do—that it is a matter which must be left to the general law of demand and supply. But a little examination will show that in some ways the Government have the power of influencing the money market, and that, in fact, the money market has been influenced to some extent by the policy of the Government. The banks of the country are borrowers as well as lenders. The banks receive from the public a large amount of capital which they use in the business of the country in the way of loans. This capital is in the form of deposits, and when the banks have to pay an unreasonably high

rate of interest on deposits, that is a reason—at all events, it is an excuse—for their not giving lower rates of discount to the business men of the country. It has been said that the position of the banks in this respect has been a forced position. It has been said that they have been obliged in times past to pay more than a fair value for money, because the Government of the country has been doing so. I suppose it will be generally admitted that in the Government savings banks we have been for a long time paying a little more than the fair value of money; and some gentlemen may say that we ought to do so in the savings banks. But I do not think we ought to accept that position. I think the savings banks of the country were designed to afford a place of safe deposit to the people interested in that class of institution. By the way, I am inclined to think that the original design of the savings bank as a place in which the thrifty classes could put their small savings, has been long since lost sight of, and a very large proportion of the money in the savings bank does not represent that class of depositors at all. However that may be, we find that the Government in past years have been paying a little more than the value of money in the way of interest on savings bank deposits; and we came to the conclusion, after careful consideration of the matter, that it was desirable, in the interest of the business of the country, in the interest of successful manufacturing, in the interest of every man who had to carry on his business to some extent with borrowed capital, that we should not have an artificial value of money in Canada, but that a man should be able to borrow according to the reasonable laws of demand and supply. We believed that it was a desirable thing to encourage to some extent the savings bank deposits, and we remembered that the number of those deposits was large and that the advantage to the depositors was a matter of some importance; but we came to the conclusion that the interest of the greatest number of the people demanded that we should not pay to the savings bank depositors a larger rate of interest than the reasonable value of money.

Therefore, in July last we reduced the savings bank rate of interest from $3\frac{1}{2}$ to 3 per cent. Although it was not a matter of public criticism, there were some who felt at the time that it was a policy which would probably lead to large withdrawals of money from the savings banks. Such, however, did not prove to be the fact. I believe, as a result of that reduction, that there was some reduction in the cost of capital throughout the country—not universally, but to some extent. The banks of the country have their different classes of customers, of varying credit. There is the inner circle, who can get their discounts at pretty good rates; there is the next circle, who do not get them at so good a rate; and there is the outer circle who are glad to get them on any terms at all. I think that the inner circle, the class of corporations and business men who are in a very sound financial condition, already appreciate the reduction that has come to them in the rate of interest. Since that time an incident has occurred which has led us to go a step further. We did not think it was wise to make so radical a reduction as from $3\frac{1}{2}$ to $2\frac{1}{2}$ per cent at once; but we did make the reduction to 3 per cent; and since we have been able to place on the money market our own securities bearing a $2\frac{1}{2}$ per cent rate, we thought we should regard that as a standard value of money, and that we ought not to pay a rate in excess of that. We know that it costs about $\frac{1}{2}$ of 1 per cent to manage the deposits, and if you add that to the $2\frac{1}{2}$ per cent to be allowed upon them, you will be paying $2\frac{3}{4}$ per cent, which is about the same as we are paying for our money in the English market.

An hon. MEMBER. Less.

The MINISTER OF FINANCE. My hon. friend is right—a fraction less. But, as I have already stated, we expect the securities of Canada to advance in value. I have pointed out that in making a new loan at a reduced rate of interest, we suffer some disadvantage at the moment; but we all expect—barring temporary difficulties, wars and rumours of war, which we hope may soon pass away—that the securities of Canada will increase in value at a

very early date; and we may fairly regard a fraction above 2½ per cent as the rate at which Canada can borrow all the money she requires. If therefore we pay the depositor 2½ per cent for his money and pay $\frac{1}{2}$ of 1 per cent for the management of the savings bank, we are practically paying him 2½ for the money, and at a very early day we shall no doubt be able to borrow money at that rate in England. We therefore propose that on the 1st of July next there shall be a further reduction of $\frac{1}{2}$ per cent in the interest payable to depositors making the rate 2½ per cent.

Mr. SPROULE. A grand stroke of business for the poor man.

The MINISTER OF FINANCE. My hon. friend, no doubt, thinks that there are many poor men who have their money in the post office savings bank, but there are many more poorer men who are paying the interest, and who have no money in the savings banks. And the question is, whether a limited number of poor men shall be paid a higher rate at the expense of a larger number of poorer men who have no money to put in the savings banks. I quite sympathize with the desire of my hon. friend to pay a good round rate of interest, but I think he will agree with me that a very large amount of the money in the savings banks to-day belongs to a class of people who do not need any sympathy from us, but are very well able to look after themselves. And as far as the other depositors are concerned, if we give them the security of the public credit and pay them 2½ per cent, besides the other $\frac{1}{2}$ per cent which the management costs us, I think we are dealing fairly and justly with them. But I do not put it before the House in that light only. The main ground I am arguing on is this, that it is not merely an advantage to the Treasury—though that is a point not to be lost sight of—but that the rate of interest we are now paying on savings banks deposits has a material effect on the cost of money to the business community at large in the Dominion; and if, by this step, we can bring about—not hastily, but gradually and surely—a reduction in the cost of capital to the merchant, the manufacturer, and to every

man who has to go to a bank to borrow money, we believe we shall be doing something which is for the good of the whole country.

Mr. SPROULE. The discount charged by the banks since the last reduction has been just as high as ever; so that the reduction has not resulted as the hon. gentleman predicts it will.

The MINISTER OF FINANCE. I am afraid the difficulty must be that my hon. friend and I belong to the outer class which cannot dictate to the banks, because I have reason to believe that that favoured inner circle is already receiving some advantage. But I do not put it on that ground alone. If that inner circle were receiving the advantage, and nobody else, then I would not argue that the step was a very advantageous one in the sense I mention. But we all know that the rates of interest do not change in a moment, and, if the borrower who now pays 6 per cent, can get a lower rate—my information is, and I believe it, that many are getting their discounts done at lower rates than twelve months ago—although for the present the advantage may be confined to that favoured inner circle, I believe it will gradually work out of it and my hon. friend and myself may some day get the benefit.

Mr. FOSTER. Is there any hope of our getting into that inner circle?

The MINISTER OF FINANCE. Not while we are in politics.

THE TARIFF OF 1897.

I want to say something now with regard to the tariff policy of last year. I find that there is a change of front on the part of some hon. gentlemen opposed to the Government on that question. When the tariff policy was announced last year, the Conservative speakers and organs—I remember particularly an article in a leading organ of public opinion in Toronto,—took the ground that we were making changes which were threatening the business interests of the country, that the busi-

ness of the country could not stand the policy which this Government had enacted. The Conservative speakers and organs told us that we were going to destroy the great industries of the country. Well, Mr. Speaker, the cry has changed to-day. Looking over the year's operations under that tariff, and finding that the business of the country has gone on increasing and expanding every day, finding that that cry cannot any longer be used, these hon. gentlemen have turned around and say: You did not make any changes in the tariff at all; you have the old National Policy after all. Well, each of these claims is unjust. We made a change in the tariff—a change that was moderate and reasonable, a change that guarded against rash disturbances, but which, nevertheless, effected substantial reductions on the rates of duty, so that the tariff of the country is no longer the old National Policy. I wish to remind the House that in the old tariff, which hon. gentlemen opposite admire so much, there were specific duties which ran up as high as 40 and 50, and I do not think I go too far when I say, 60 per cent of the value of the article. All these high duties, at all events a great many of them, have been removed. Many of the articles which in former times paid a duty, under the old tariff, of 40 and 50 per cent, and as high as 60 per cent, will be found scheduled in the present tariff at 35 per cent, subject to a further reduction, under the preferential clause; so that, as between the old and the present general tariff there is a considerable reduction of duties on a number of articles. And, when you take into account the reduction which has taken place, and which will be increased on the first of July next, by the operation of the second stage of the preferential tariff, you will find that this Government has given the country a very substantial measure of tariff reform. I hold a list of about sixty items taken from the tariff. I might have made the list much larger, but that sixty will be

sufficient for my illustration, and, perhaps, hon. gentlemen opposite will not want to listen to the whole list. The only reason I ask them to do so is, to get the list on "Hansard," but if, after I have read from the list a few minutes, they will dispense with my proceeding further—

Mr. FOSTER. Read it through.

The MINISTER OF FINANCE. My hon. friend is relentless; but other hon. gentlemen on that side may not be so insistent.

Mr. FOSTER. That is the only way you can get it on the "Hansard."

The MINISTER OF FINANCE. My hon. friend used to get some things into "Hansard" which he did not read in his Budget speech, and I hope he will not object to my being given the same privilege.

Animals, living, n.e.s.—Under the old tariff the rate is 20 per cent. Under our general present tariff the rate is 20 per cent; but if they should come in under the preferential clause, it will be 17½ per cent, and, after the first of July, the rate will be 15 per cent, as against 20 per cent under the old tariff.

Mr. FOSTER. Does my hon. friend expect many?

The MINISTER OF FINANCE. Not very many; but, such as they are, they will receive the benefit of tariff reform. There are a few cases in which you cannot expect the articles to come under the preferential tariff, because they will not come from Great Britain or the countries entitled to that preference. That is a fair criticism, and I do not want to urge that in every one of the cases the preferential rate will apply, but it will to most of the articles on this list. There are very few cases in which I quote a rate in which the importer will not receive the benefit of the preferential clause. The following is the list—

STATEMENT showing the Old Tariff Rate, the New General Tariff Rate, the Preferential Tariff Rate to the 30th June, 1898, and the Preferential Tariff Rate from 1st July, 1898, on certain principal articles:

No. of Present Tariff Item.	Articles.	Old Tariff Rate.	General Present Tariff.	Preferential Tariff to 30th June, 1898.	Preferential Tariff from 1st July, 1898.
11	Animals, living, N.E.S	20 p. c.....	20 p. c.....	17½ p. c.....	15 p. c.
125	Books, printed, periodicals and pamphlets, or parts thereof, N.E.S., not to include blank account books, copy books or books to be written or drawn on.....	6c. p. lb..... 30 p. c	10 "" 30 "" 7½c. p. bush. Free.....	8 ³ "" 26 ¹ "" Free.....	7 ¹ "" 22 ¹ "" Free.....
276	Brass, manufactures of, N.E.S....	30 p. c	30 p. c	26 ¹ p. c.....	22 ¹ p. c.
540	Indian corn not for distillation	7 ¹ ½c. p. bush. Free.....	Free.....	Free.....	Free.....
325	Bicycles and tricycles.....	30 p. c	30 p. c	26 ¹ p. c.....	22 ¹ p. c.
180	Coal, bituminous, &c.....	60c. per ton of 2,000 lbs.	53c. per ton of 2,000 lbs.	46 ² c. p. ton of 2,000 lbs.	39 ³ c. p. ton of 2,000 lbs.
360	Cotton fabrics, printed, dyed or coloured, N.O.P	30 p. c	35 p. c.....	30 ⁵ p. c.....	26 ¹ p. c.
371	Cotton sewing thread on spools	25 ""	25 ""	21 ² ""	18 ² ""
362	Cotton clothing, including corsets	32 ¹ ""	35 ""	30 ⁵ ""	26 ¹ ""
368	Cotton velvets, velveteens and plush fabrics, N.E.S.....	30 ""	30 ""	26 ¹ ""	22 ¹ ""
312	Curtains, when made up, trimmed or untrimmed	30 ""	35 ""	30 ⁵ ""	26 ¹ ""
447	Drugs, dyes and chemicals, N.O.P.....	20 ""	20 ""	17 ¹ ½ ""	15 ""
294	Electric apparatus, parts of, electric light cables, electric batteries.....	25 ""	25 ""	21 ⁷ ""	18 ² ""

I think that this is an article in which, probably, the Americans will do most of the business. But if the goods are imported from Great Britain, the duty, under the preferential clause, after the 1st July next, will be 18² per cent.

362	Fancy Goods—				
	Braids, bracelets, cords, fringes, tassels, &c	30 ""	35 ""	30 ² ""	26 ¹ ""
	Laces, lace collars and similar goods, lace nets and nettings of cotton, linen, silk or other material.....	30 ""	35 ""	30 ⁵ ""	26 ¹ ""
361	Flax, hemp and jute, manufacturers of—				
	Damask of linen, including napkins, doylies, tray cloths, side-board covers, damask stair linen and diaper.....	25 ""	30 ""	26 ¹ ""	22 ¹ ""
77	Fruits—				
	Dried currants	01c. per lb....	01c. per lb....	2c. per lb... .	3c. per lb..
	Dried raisins				
	Oranges, lemons and limes, in boxes of capacity not exceeding 2 ¹ ₂ cub. ft.....	25c. per box..	25c. per box..	21 ⁷ c. per box.	18 ² c. per box.

If I am asked whether I expect oranges to come from England, I reply that I do not, but I expect them to come from some other place whence we shall receive them on more favourable terms than at the present.

STATEMENT showing the Old Tariff Rate, the New General Tariff Rate, the Preferential Tariff Rate to the 30th June, 1898, and the Preferential Tariff Rate from 1st July, 1898, on certain principal articles :

No. of Present Tariff Item.	Articles.	Old Tariff Rate.	General Present Tariff.	Preferential Tariff to 30th June, 1898.	Preferential Tariff from 1st July, 1898.
343	Furniture of wood, or any other material, house, cabinet or office, finished or in parts.....	30 p. c	30 p. c..	26½ p. c.....	22½ p. c.
406	Fur skins, wholly or partially dressed.....	15 "	15 "	13½ "	11½ "
201	Glass and manufactures of:— Common and colourless window glass, plain, coloured, stained or tinted or muffed glass in sheets.....	20 "	20 "	17½ "	15 "
403	Hats, caps and bonnets, N.E.S.|| Iron and steel, manufactures of:—	30 "	30 "	26½ "	22½ "
280	Hardware, viz.: Builders', cabinet-makers', upholsterers', harness-makers' and saddlers', including curry combs, carriage hardware, &c.	32½ "	30 "	26½ "	22½ "
227	Iron in pigs.....	\$4 00 per ton....	\$2 50 per ton....	\$2 18½ per ton....	\$1 87½ per ton.
315	Machinery, all other, composed wholly or in part of iron or steel, N.E.S.....	27½ p. c	25 p. c	21½ p. c.....	18 p. c.
321	Manufactured articles or wares, not specially enumerated or provided for, composed of iron or steel, &c.	27½ "	30 "	26½ "	22 "
212	Leather and manufactures of— Calf, kid, lamb and sheep skins, dressed, waxed or glazed.....	17½ "	17½ "	15½ "	13½ "
212	Upper leather, including dongo, cordovan, kangaroo, alligator and chamois skins, dressed, waxed or glazed.....	17½ "	17½ "	15½ "	13½ "
219	Boots and shoes, N.E.S.....	25 "	25 "	21½ "	18½ "
173	Oils— Coal and kerosene, distilled, purified or refined, naphtha and petroleum, N.E.S ..	6 c. p. gall.	5 c. p. gall.		

I do not put anything in the preferential list for that.

169	Flaxseed or linseed, raw or boiled.....	20 p.c	25 p.c	21½ "	18½ "
158	Paints and colours— Dry white and red lead, orange mineral and zinc white	5 "	5 "	4½ "	3½ "
140	Paper and manufactures of— Envelopes, papeteries, blank books, and manufactures of paper.....	35 "	35 "	30½ "	26½ "
139	Paper, all kinds, N.E.S.....	25 "	25 "	21½ "	18½ "
347	Watch actions or movements.....	10 p. c.....	10 "	8½ p. c.....	7½ p. c.
334	Wood, manufactures of, N.E.S.....	25 "	25 "	21½ "	18½ "
	Wool, manufactures of— Cloths				
394	Cloths				
	Coatings.....	5c.p.lb.and 25 p.c	35 "	30½ "	26½
	Tweeds				
	All fabrics, composed wholly or in part of wool, worsted, &c., N.E.S.....	30 p. c.....	35 "	30½ "	26½

Mr. TAYLOR. That is good protection.

The MINISTER OF FINANCE. That only shows how thoroughly fair I am putting these items in. I am putting a fair statement before the House. There are a

few cases in which the rates of the general tariff are increased, but in every one of these rates it will be found that when you apply the preferential tariff you have a lower rate than under the old tariff.

STATEMENT showing the Old Tariff Rate, the New General Tariff Rate, the Preferential Tariff Rate to the 30th June, 1898, and the Preferential Tariff Rate from 1st July, 1898, on certain principal articles :

No. of Present Tariff Item.	Articles.	Old Tariff Rate.	General Present Tariff.	Preferential Tariff to 30th June, 1898.	Preferential Tariff from 1st July, 1898.
397	Clothing, ready-made, and wearing apparel of every description, composed wholly or in part of wool, worsted, N.O.P., &c.	5c. p. lb. and 30 p. c.	35 p. c.	30½ p. c.	26½ p. c.
26	Carpets, Brussels..... " tapestry.....	30 p. c. 35 "	35 " 30 "	30½ " 26½ "	26½ " 22½ "
47	Pearline and other soap powders.	10c. p. brl.	25c. p. brl.		
55	Wheat.....	15c. p. bush.	12c. p. bush.		
56	" flour.....	75c. p. brl.	60c. p. brl.		
152	Surgical belts and trusses, and suspensory bandages of all kinds.	25 p. c.	20 p. c.	17½ p. c.	15 p. c.
153	Surgical and dental instruments (not being furniture) and surgical needles.....	15 p. c.	10 p. c.	Free from 1st January, 1898.	
171	Lubricating oils, composed wholly or in part of petroleum, costing less than twenty-five cents per gallon.....	6c. per gall.	5c. per gall.		
199	School writing slates.....	30 p. c.	25 p. c.	21½ p. c.	18½ p. c.
245	Stove plates, stoves of all kinds, sad or smoothing, hatters' and tailors' irons, &c.	27½ "	25 "	21½ "	18½ "
248	Cast iron pipe of every description	\$10 per ton but not less than 35 p. c.	\$8 00 pe. ton....	\$7 00 per ton....	\$6 00 per ton
255	Iron or steel cut nails and spikes (ordinary builders'): and railroad spikes.....	¾c. per lb. ·01c. "	½c. per lb. ¾c. "	⅓c. per lb. ·2½c. "	⅓c. per lb. ·2½c. "
257	Wire nails of all kinds, N.O.P.	35 p. c.	30 p. c.	26½ "	22½ p. c.
288	Files and rasps N.E.S.	35 "			
289	Adzes, cleavers, hatchets, saws, &c.	32½ "			
363	Hammers, catdogs, picks, mattocks, anvils, vises and tools of all kinds for hand or machine use.....	35 " 30 "	30 " 25 "	26½ " 21½ "	22½ " 18½ "
433	Binder twine or twine for harvest binders of hemp, jute, manilla or sisal, and of manilla and sisal mixed.	12½c. "	10 " till 1st Jan. 1898 and then free.		
469	Tailors', milliners' and mantle-makers' fashion plates.	6c. per lb. and 20 p. c.	Free.		
479	Artificial limbs.....	20 "	"		
588	Cream separators.....	27½ "	"		
617	Brass trimmings for bedsteads.....	30 "	"		
627	Wire of zinc.....	25 "	"		
633	Zinc in plates.....	25 "	"		

I am afraid that I have wearied the House by reading that long list, but I think it was necessary, in view of the criticisms that have been offered, to show that we have made, if not all the reforms that we desired, a very extended tariff reform and one which I am sure the country will appreciate.

The POSTMASTER GENERAL. Has appreciated.

The MINISTER OF FINANCE. Has appreciated, my hon. friend says, and I accept the amendment.

THE PREFERENTIAL TARIFF.

The most striking feature of the tariff policy of last session was the preferential tariff. That policy was designed chiefly to bring about preferential trade with the mother country, and I am sure the House will agree with me when I say that that portion of our tariff policy has been successful beyond measure, and has given Canada a world-wide fame. When I say this I do not forget that my hon. friend the leader of the Opposition, not many days ago, stated that that policy had been a complete failure. I do not know whether my hon. friend wished us to take that remark seriously. But if we are to treat it seriously for a moment, let us consider what grounds he has for that statement. In order that he might give himself some apparent ground, my hon. friend had to create a policy in his own imagination in order that he might have one much easier to attack. He says, addressing the members on this side of the House : "You told the House that you were going to establish preferential trade with the mother country, you said you could do it, you said you would do it, you said you knew all about it, that you had not any doubt about it and you were going to do it; but you did not do it, therefore your policy is a complete failure." That in substance was the statement of my hon. friend not many days ago. Now, what was the attitude of the Government on this question last year? Was it described correctly by my hon. friend? Did we say we knew all about this matter, that we were going to give preferential trade, that there were no doubts and no difficulties, and that we were sure to do it? No, Sir, every fair-minded man knows that that is not a

correct description of what occurred in this House.

CANADA AND THE TREATIES.

What we did say was this: That while we knew well that the Belgian and German treaties had for years been regarded as standing in the way of any such arrangement, we felt that the issue respecting these treaties had never been fairly and properly tried out before the British Government; we felt that the moment had arrived when we should challenge the position that was taken on that question, to see if something could not be done to bring about a change for the better. I have stated that we knew that the Belgian and German treaties appeared to stand in the way, but we felt the time had come when we could present the question before Her Majesty's Government in a new form. In the first place, there was room for argument, and we did argue, that inasmuch as the Belgian and German treaties had never been ratified by the Parliament of Canada, or by the legislatures of the province of Canada, or by any particular legislation anywhere, there was fair ground for contending that those treaties could not be made to apply to a self-governing colony like Canada. We had to take the position, in Canada's interest and as the advocates of Canada, that it was our duty to put forward every argument we could put forward in favour of and in support of our claim. We had presented the question to the House in a form not confined to preferential trade with the mother country alone. We presented our proposition to Parliament in the form of an offer to extend preferential trade to such countries as might be willing to extend equal advantages to us. There was a reciprocal condition in the treaty which opened a new question, new at all events as regards Canada and the mother country. There had been no previous proposal on such lines, and therefore we felt there was room for argument, and we were bound to argue, that new conditions that existed enabled us to question whether those treaties would have the effect which hon. gentlemen opposite in this House said they had. We went on to contend, and we did contend, that even if Belgium and Germany were standing in the way, as they had been standing in the

way in the past, the new conditions that were imported into the question since the offer was made to other countries, even to Belgium and Germany, if they were prepared to avail themselves of the offer, placed Canada in a position which Her Majesty's Government should consider. We were well aware that these were debatable subjects, that some of them in times past had been the subject of difficulties; we knew there were doubts and difficulties surrounding them; and we further knew that Her Majesty's Government, in dealing with foreign nations, would always be disposed to interpret treaties in a very liberal spirit to the contracting parties; but knowing all these facts, we nevertheless felt that we were bound as the advocates of Canada to put forward every claim which could be put forward in its behalf. That was the position the Government took, and that was the position which my hon. friend the Minister of Marine and Fisheries took in this House, and which he took outside of this House, and as an advocate of Canada he was bound to put forward every claim he could in order to sustain Canadian interests.

In order to show that this was the position we took, that we knew there were doubts, that we did not take the position which hon. gentlemen opposite say we took, I am going to ask the House to bear with me while I read a quotation from my Budget Speech of last year, and I read it because I desire to show that from the beginning the position we took was this, not that there were no doubts, not that the course was clear, but that doubts and difficulties prevailed, and that we were resolved to go forward with the firm conviction that even though the views we held could not be sustained by Her Majesty's Government, the outcome of the whole matter would be to present the Belgian and German treaties in a new light and one which was likely to bring about good results. Speaking at the time when I was asking the adoption of this new policy, I used the following language:—

Now, I shall not undertake to pass any judgment upon this very important question of the most favoured-nation clauses of these Imperial treaties. It is an international question, and it is well that we should reserve our final judgment upon it. We recognize that it is a question upon which we shall ultimately have to consult with Her Majesty's Government, and I need not say that any view that may be taken by Her Majesty's Government will be considered

by the Government of Canada with the respect that is due to any representation that might be made upon any subject, but above all, on the question of an international character. I say that it does not seem fair and reasonable that we should be obliged, while we are offering certain terms not to Great Britain only, but to all countries which will place themselves in the same position—it does not seem to be fair and reasonable that we should be obliged to extend the privileges of this schedule, which we call a reciprocal tariff, to nations which are not willing to do anything in return.

I admit there may be difficulties in the way. It may be possible that the view we take of this matter is not the correct view, but we say it is only fair and reasonable in the interests of Canada, in the interests of fair trade between ourselves and Great Britain, that we should to-day take the position that the favoured-nation clauses do not apply:—

I regret that I have mislaid for the moment the page on which I have extended the balance of the sentence.

Mr. DAVIN. It is as follows:—

—and that this resolution, which I put upon the Table of the House, will only extend to such countries as are prepared to give admission to our products under fair terms.

The MINISTER OF FINANCE. Perhaps the hon. gentleman will proceed with the reading, because it is very good sense.

Mr. DAVIN. Sir Charles Tupper then said—

Some hon. MEMBERS. Oh, oh.

The MINISTER OF FINANCE. At that stage of the discussion the leader of the Opposition exchanged a few words with me in which he took the ground that the treaty in express terms stood in our way. I continue the quotation:

The MINISTER OF FINANCE. Even if it does, the world moves, and possibly the step we are taking to-night may have the effect—and that may be one of the advantages of it—of drawing the attention of Her Majesty's Government and of the English public to the position of those treaties, and thus opening up the question. Meantime, Sir, recognizing the difficulties, recognizing the possibilities that our judgment may be mistaken, and recognizing the obligations we may owe as part of the Empire, we intend for the present to take the view that inasmuch as we offer these conditions to other nations, if they do not see fit to accept them, the responsibility rests upon them and not upon Canada.

From these passages, Mr. Speaker, it will be seen that from the beginning we recognized the debatable character of the subject, and the doubts and difficulties which were before us; and we went forward, not with the assurance that the views which we had advanced would in all respects pre-

vail, but that even if our interpretation of the treaties should not be upheld, we should place the question before the public in such a manner as would show most effectually the objectionable character of the Belgian and German treaties.

True, Sir, the hon. leader of the Opposition said from the beginning that there was no ground whatever for our contention, and that no good could come from our action. But better authorities than he admitted that the grounds we had taken demanded grave consideration. A great organ of British opinion, usually well informed in Imperial and colonial matters, the London "Times," emphatically declared that it was doubtful whether these treaties applied to such a case as was created by the action of Canada. Her Majesty's Ministers in London deemed the position taken by our Government so important that they reserved their judgment until the question could be fully argued before the law officers of the Crown.

Our views were presented to Her Majesty's Ministers and to the law officers and to the British public by my hon. friends the Prime Minister and the Minister of Marine and Fisheries, assisted in the legal argument by Hon. Edward Blake. Sir, what was the result? The Imperial authorities held that under the treaties in question Germany and Belgium were entitled to receive in the British colonies the same tariff conditions as were available to Great Britain.

DENUNCIATION OF THE TREATIES.

Well, Sir, if the matter had ended there, if that were the whole story, undoubtedly my hon. friends opposite would be in a position to tell us that our policy had borne no good fruit. But we all know that the matter did not end there. While these negotiations were going on, while arguments were being heard before the law officers of the Crown in England, as to the position of Canada under these treaties, a great public opinion was being created in the United Kingdom and throughout the Empire which became a potent factor in settling this question. For the first time the people of England were made to fully understand what these treaties meant, and how they stood as a barrier between the mother country and her colonies. Public men in this country had

been talking of preferential trade for years, but they had never got beyond the stage of talking. If we had followed on the same lines no doubt we would have been equally unsuccessful as others had been in disturbing the objectionable treaties. If we had continued to make speeches on preferential trade, and to pass meaningless resolutions which could accomplish nothing, I have no doubt we should have failed in removing the barriers which stood in our way, and I have no doubt we should have gone on for years without accomplishing any substantial result. Efforts have been made by hon. gentlemen opposite to make it appear that we could have obtained preferential duties in the British markets in return for our concessions, if we demanded such. It has been said by these hon. gentlemen that my right hon. friend the leader of the Government had opportunities when he was in England of receiving what are called better terms from the mother country, and that he failed to take advantage of these opportunities; indeed it is said that he refused offers which it is alleged had been made to him.

I believe, Sir, for my part that every man who has had opportunities of sounding public opinion in England on this subject realizes that there was no ground whatever for expecting such preferential terms as we are told we should have demanded. I do not believe that any intelligent man will say candidly to-day, that there is any probability in the immediate or early future of the British people adopting a policy of preferential trade on the terms mentioned by my hon. friends opposite.

Mr. FRASER (Guysborough). Nor on any terms.

BRITISH PUBLIC OPINION.

The MINISTER OF FINANCE. My hon. friend (Mr. Fraser) says "nor on any terms," but I will not go so far as that. I will however go this far, and I will say that upon the terms which hon. gentlemen opposite talked preferential trade, there is not and never was a ghost of a chance of Great Britain accepting it. I believe that every man who has gone to England and has met public men there, and has met the representatives of the press, and has got down among the masses of the people, must realize the fact that you cannot get the masses of the Eng-

lish people to impose differential duties for the benefit of the colonies. There is a cardinal point in respect to these duties which reaches the masses very quickly. The first step is a movement of preferential trade of that sort must of necessity look towards the imposition of duties on grain; a renewal of what are called in England the old Corn Laws. I ventured to discuss this phase of the subject in my remarks a year ago, and I shall ask the House to bear with me while I read a brief extract from what I then said. These were my opinions then:

This question of preferential trade has been mentioned in the House in times past. Leading public men have advocated preferential trade, but always annexing to their suggestions a demand with which it was well known England could not comply. All the advocates of preferential trade, at all events all who have taken an active part in that movement, have assumed that as the first step, England must consent to put a duty on grain. We know that England does not view that project with favour. We know that no more unpopular project can be offered the English people than to ask them to put a duty on breadstuffs. It may be, as time rolls on, and at an early day, they may change their views. It may be that they may see it in their interest to make this distinction, and they may offer some preferential terms to the grain of Canada. If they can be induced to do that by fair argument, I have no doubt it will be a good thing for Canada. But why should we wait for England to take action? England has dealt generously with us in the past. England has given us a larger degree of liberty perhaps than is possessed by any other country on the face of the earth. She has given us liberty to tax her wares even when she admits our goods free, and we have taxed them to an enormous degree. Why should we wait for England to do more? Somebody must make a move in this matter, and we propose that Canada shall lead the way.

As a gauge of the public sentiment in England I believed that these words were true on the 22nd of April last, and I believe they will be found to be equally true to-day. There was no prospect then; there is no prospect now that the English people will agree to tax their bread to please the Canadian people.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. I do not say that such a thing is impossible. On the contrary, I admit it is within the bounds of possibility, though by no means likely to come in the near future.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. I venture to say, with the fullest confidence, that if such a policy is to be adopted by the

mother country, it will not be brought about by any huckstering policy on the part of Canada, or on the part of any of the colonies making demands of an unreasonable character; but it will come as the result of a grand Imperial sentiment which will override all questions of an economic nature. I repeat that if such a policy is to come it will come as the fruit of the growth of an Imperial sentiment, and nothing that has occurred in colonial history has done so much to create and develop that sentiment as the very measure which the Parliament of Canada placed on the Statute-books of this country last year.

It being Six o'clock, the Speaker left the Chair.

After Recess.

The MINISTER OF FINANCE. Mr. Speaker, when you left the Chair at six o'clock I had been discussing for a few minutes the question of preferential trade, with some reference to the denunciation of the Belgian and German treaties, and also with particular reference to the views on preferential trade which are sometimes expressed by hon. gentlemen on the other side of the House. In order to show the views which the Government entertained last year on that subject, I had taken the liberty of quoting a passage from my own speech. It had been represented occasionally—and my right hon. friend the Prime Minister had been particularly attacked on that score—that the Government of Canada, in return for concessions granted to Great Britain, could and should have obtained certain preferential advantages in the British market. I had quoted from my remarks of last session to show that the view which the Government entertained on that question was that, owing to the strong opinion known to prevail in the mother country on the question of protective duties generally, but particularly on the question of protective duties affecting articles of food, there was no reasonable ground for believing that any such preferential terms could have been obtained in the British market.

What was it that moved the British public as the British public had never been moved before by a colonial legislative enactment? It was that the Government and Parlia-

ment of Canada, not demanding impossible conditions, not asking things which they knew or should know the British public were not prepared to grant, not raising any demand of an unreasonable character, not trying to have any huckstering or bargaining in the transaction, but in a free and generous spirit, in recognition of the liberal manner in which England has always treated her colonies, had not been content to talk preferential trade, but had acted preferential trade. It was because Canada had thrown open the door, and had declared that at every custom-house, from ocean to ocean, the goods of the mother country should be admitted on terms of preferential trade. It was when that step was taken that the great heart of the English people was moved on this subject; and so, when the moment arrived when the Imperial authorities were obliged by the terms of the German and Belgian treaties to declare that they were not at liberty to accept the conditions of preferential trade which we offered—when the English people found that Canada had opened the door of her custom-houses in the manner I have described, and that by the conditions of those treaties the Imperial Government were obliged to close the door and refuse the offer—then the British people understood, as they had never understood before, the true character of those treaties, and thus there was secured the public opinion which enabled Her Majesty's Government to take the step from which in former years they had been obliged to shrink. I pointed out, Sir, that if we had simply failed to sustain our ground with respect to the application of the Belgian and German treaties, that the reciprocal character of our tariff entitled us to claim that the treaties did not apply, and that had been the whole story, there would have been some ground for the claim of hon. gentlemen opposite that our tariff policy in that respect had not been a success. But when we were able to show, as a direct and immediate result of the step which Canada had taken, that the denunciation of those treaties, which had been sought by the colonies for so long a time without success, was brought about, then I say the Government of Canada had a splendid vindication of the policy they had pursued on that question. We

all know, Sir, with what joy the view taken by the Government of Canada was received by the English people. We know that while the Government of Canada was backed up, and promptly backed up, by the action of the sister colonies, it was backed up still more strongly by British public opinion; and but for that public opinion, which I claim was the direct outcome of the Canadian policy itself, those Belgian and German treaties would not have been denounced down to the present moment.

FAVoured-NATION TREATIES.

I have spoken of the effect of the Belgian and German treaties on our movement for preferential trade; and now I must say something with regard to another class of treaties, those commonly called favoured-nation treaties. Great Britain has treaties with many nations, containing what is called the favoured-nation clause, by the terms of which it is declared that if at any time Great Britain should grant to any third power any commercial advantages, she shall be obliged to grant those advantages likewise to the contracting power. When, therefore, by the action of Her Majesty's Government, it was determined that the Belgian and German treaties must apply to Canada, and that we must admit Belgian and German goods on terms as favourable as the goods of England, then it followed that by the terms of the favoured-nation treaties, we were obliged to concede like advantages to every one of the nations which had a treaty of that kind with the mother country. I have here a statement showing the several countries which have been brought under the operation of the Canadian preferential tariff:

Countries admitted by the reciprocal character of their tariff: New South Wales, British India, Netherlands, Japan.

Countries admitted under the Belgian and German treaty: Belgium and Germany.

Countries admitted under the favoured-nation treaties: France, Algeria, and the French Colonies; Argentina, Austria, Hungary, Bolivia, Columbia, Denmark, Persia, Russia, Sweden and Norway, Tunis, Venezuela, Switzerland, Liberia, Morocco, Salvador, South African Republic, Tonga, Spain.

The case of France, Algeria and the French colonies was governed by our own Franco-Canadian Treaty, which had, of course, received the approval of the Canadian Parlia-

ment. In the other cases, the favoured-nation treaties had never received the approval of the Canadian Parliament; but they were nevertheless held to apply to Canada. Thus it will be seen that the preference which we wished to give and which we actually did give for several months to Great Britain, had to be extended to the countries I have named; and we refunded to importers duties which had been collected in the interim upon goods from those several countries.

But all this will come to an end at a very early day. At the end of July in the present year the Belgian and German treaties will expire. Canada will not then be obliged to give the preference to either Belgium or Germany.

PREFERENTIAL TRADE—AMENDMENT OF THE ACT.

With the fall of the treaties, the claims of other nations, under the favoured-nation treaties, to receive equal advantages will also fall. Canada will then be free to confine the benefits of her preferential tariff to the mother country and to such colonies as, in the judgment of Canada, should be admitted. That is, Mr. Speaker, what we can do, and that is precisely what I shall have the honour of proposing to the House. Under the terms of the preferential tariff, as it now stands, the second reduction of 12½ per cent, making 25 per cent in all, will take effect on the first of July next. For the moment, it will be necessary for us to give that greater reduction, not only to Great Britain, but to the various nations I have mentioned, because the treaties do not expire until the last day of July. We propose to repeal the section of the law and the schedule dealing with the preferential tariff. We propose that that repeal shall take effect on the first of August next, which will be the day when Canada will no longer be bound by the Belgian and German treaties, and we propose to substitute for the existing law on the subject a new section and schedule, in accordance with the statement I have made. This new section and this new schedule will provide that the preferential tariff shall, in the first place, apply to the products of the United Kingdom of Great Britain and Ireland, and also that it shall apply to the products of

any British colony or possession the tariff of which is deemed to be favourable to the trade of Canada. Under this provision, New South Wales and British India will be admitted, as they now are, to the benefits of the preferential tariff. There will be a further provision respecting the operation of the preferential tariff, to which I shall refer as I proceed.

Mr. McNEILL. Will the hon. gentleman kindly say, how the denunciation of the Belgian and German treaties affect the favoured-nation clause with regard to other countries?

The MINISTER OF FINANCE. By the favoured-nation clause we are obliged, as part of the Empire, to give to any country having a favoured-nation treaty with Great Britain any privilege which may be granted to any third power. Belgium and Germany are third powers within the meaning of these words. Therefore, when we were obliged, by the decision of the Imperial authorities, to give the privileges of the tariff to Belgium and Germany, these being third powers as respects all other nations, the favoured-nation treaties began to apply, and we had to extend the advantages to the several countries as well.

Mr. McNEILL. I think I did not make my question quite clear to my hon. friend. I was not asking with regard to Belgium and Germany, but with regard to other countries. For example, Holland had a right to come in under the favoured-nation clause; would not all other nations having that clause in their treaties, have the right to come in as soon as Holland was admitted, irrespective of Belgium and Germany altogether?

The MINISTER OF FINANCE. I see the hon. gentleman's point now. The point is, that having admitted Holland, we would be obliged, even irrespective of the German and Belgian treaties, to admit the other nations as well. That would be quite correct, but we could easily have refused to admit the goods of Holland, and then there would be no trouble. But we could not refuse to admit the goods of Belgium and Germany with the same freedom as we could the goods of Holland.

Mr. McNEILL. Does the hon. gentleman say that he could, in the face of his recipro-

cal offer of last session, have refused admission to the goods of Holland?

THE MINISTER OF FINANCE. That, possibly, is a question upon which legal gentlemen might differ. I am strongly inclined to think that there was a measure of discretion remaining in the hands of the Government on that question. I will not say, however, that the question is beyond debate. I think, perhaps, there is room to doubt whether or not we were obliged to admit the goods of Holland. However that may be, Holland received the benefit of the doubt, and we did admit her goods. The hon. gentleman is quite right in stating that the moment any foreign nation, no matter by what method, received the benefits of our preferential clause, we were then obliged, under the Imperial decision, to give every other nation having the favoured-nation clause in its treaty the same advantages.

TARIFF CHANGES.

I wish now to say something with regard to changes which may be deemed necessary in the present tariff. The Government have been gratified, and exceedingly gratified, by the manner in which the tariff policy of last year has been received by the country. We believe that that policy has given unbounded satisfaction. We did not make the mistake, and we do not make the mistake now, of supposing that the tariff is perfect. There are duties in it which are higher than some of us would like them to be. There are duties which we hope will not remain for ever or for a very long time. There has been, however, a very general recognition among the friends of the Government of the fact that, in a matter of this kind, it is necessary that we should proceed in the spirit of compromise. It was realized that, in a large question, affecting such a wide area of country, with so many conflicting interests, we could only hope to work out the details of the tariff by giving and taking, as respects the different sections of the country. It was recognized by the people that we ought to avoid, as we did, such radical changes as might be calculated to seriously disturb the business of the country. All these considerations, into which the Government were bound to enter, and which influenced the policy of the Government to

a considerable extent, have been recognized by the public at large. I believe the people are reasonable in that respect, and will not ask us to make at once that which would be a radical change, and that which might have a disturbing influence on business. I think it will be admitted that frequent tariff changes are not desirable. Something in the nature of tariff stability is much to be desired. It is better, even, that we should bear with some inequalities that may exist, than suffer the greater evils which would arise from frequent tariff changes. We have had representations made by a number of interests which, they think, ought to receive more consideration. Some of these presented cases which have, to some extent, commended them to our judgment, and if we were opening up the general revision of the tariff, or a revision to any considerable extent, we would be able to lend a willing ear to some of the representations that have been made to us. But we think, Sir, on the whole, believing as we do that the changes in the tariff should not be numerous or frequent, believing that we should have a large measure of tariff stability, believing that the public understand the policy of the Government in this respect and will be content to have us carry it out in that spirit of moderation and caution that we have so far evinced, we wish to announce to the House that it is not our intention to make any numerous changes in the tariff at the present session. In fact, I may state that, so far as the rates of duty are concerned we have only one change to announce. There are some other changes which are more matters of form than of substance. The preferential tariff will have to be amended in the direction I have already indicated. We think it is expedient to make a change that is purely technical in the section of the law relating to prohibited goods. As respects the duty on raw leaf tobacco, which we imposed a year ago, we propose that, after the 1st July next, it shall be collected through the Department of Excise instead of through the Department of Customs. It has been arranged that in the Excise Department the duty shall be collected on a basis on what is called in the Inland Revenue Department the standard weight. Under the existing law, tobacco is dutiable on the weight when

it passes through the customs. Arrangements have been made by some of the large manufacturers to dry tobacco before it passes out of the warehouse, so that they do not pay on the moist weight. Other manufacturers, not being so well able to do that, are obliged to pay on the moist weight. It seems only fair and equitable that we should treat all alike, and when it is to be dealt with by the Excise Department, that the regulations of that department should be adopted in the matter. With regard to the duties on tobacco, which were increased last year to a considerable extent, I am free to say that I have doubts that this is as wise a measure as we hoped it would prove. I may say frankly that I am afraid it has led to an increase of smuggling to a very considerable extent, and we may well consider, at a future day, whether or not we can successfully enforce so high a scale of duty. However, the law in that respect has been in force for a very short time, and we think it only reasonable to give it a fairer trial before we condemn it. So we do not propose to make any change with regard to tobacco except as I have just announced.

TARIFF STABILITY.

But, Sir, while it is a good thing to avoid what is called tariff tinkering, there is just a possibility that in condemning that practice we may go too far. I find that tariff tinkering is an expression which means different things in the minds of different men. A man who is quite satisfied with the tariff thinks that any interference with it is tinkering, whereas a man who is not satisfied thinks that some change such as he desires would be high statesmanship. We wish to guard against frequent changes in the tariff, against tariff tinkering, but let us be careful how we convey the impression to the public, because we do not mean it, that we regard the tariff as final. Let it not be supposed that the tariff is settled for ten years or even for five years. So long as there are high duties, there must be demands for tariff changes. Nothing is settled until it is settled in accordance with right, and so long as there are high duties, we may expect agitation for reduction. I am afraid there is no rest for the protected manufacturer. I am inclined to think, Sir,

that he will find eternal vigilance to be the price of his protection. He must be on guard all the time against the attack that he knows must always come. So long as there are high duties, there will also be consumers to protest against them, and I think that the manufacturers will show the best understanding of their own position, and best consult the permanent interests of manufacturing enterprises, if they will realize that very important fact. It is well, if they are to-day in a position which affords them some comfort and advantage, that they should apply their time and use their opportunity to get their business upon such a basis that it will be as little as possible dependent upon tariff aid. The tendency of a high tariff policy is to lead men to look too much to tariff and too little to the efforts they should make for the benefit of their business. What a world of good might have been accomplished for the true interests of manufacturing in the Dominion of Canada, if all the time, and all the energy, and all the labour, and all the money that have been expended in the last twenty years in tariff watching and tariff wire-pulling at Ottawa, had been expended in the factories, in the development of business, in new invention and discovery, in producing labour-saving machinery, in learning what might be done with waste products, in dealing with all those forms of industrial progress which have to be dealt with by the manufacturer when he has keen competition. We would, therefore, say to the manufacturer that if he desires permanency in the tariff, he must never expect permanency until the tariff gets down to a moderate point; and to-day there are duties in the tariff so high that I am sure the Government are not prepared to treat them as part of a permanent tariff. I say this, Sir, in no spirit but that of friendliness to the manufacturing interests. While the manufacturers are in a fairly good position to-day, it would be a mistake for them to fail to realize the fact that Canada has turned her face away from a high tariff policy, and though we may proceed slowly, whatever progress we make from this time forward must be and should be in the direction of greater freedom of trade.

TRADE WITH THE WEST INDIES.

Hon. gentlemen have already observed that in the Imperial Parliament the Colonial Sec-

retary, the Right Hon. Mr. Chamberlain, made some reference to negotiations that were taking place between the Dominion of Canada, United States and the West Indies with regard to reciprocal trade. These negotiations, so far as Canada is concerned, have not gone very far, and we have not much to communicate to the House concerning them. But we are of opinion that, without waiting for the completion of these negotiations, without waiting for the development of all that is likely to arise in connection with that subject, there are opportunities opening to us to-day of which we should take advantage to enlarge the trade between Canada and the West Indies. We think that something of this kind should be attempted in the interest of Canadian trade, because there are large opportunities of development in that quarter. There are a million and three-quarters of people in the British West Indies, if we include Bermuda, who are our natural customers, with whom we should have more extended trade relations. When we remember that of the 330,000,000 pounds of sugar consumed in the Dominion of Canada, only 25,500,000 pounds come from the British West Indies, our natural customers, and that the remainder comes from other countries, largely from continental nations which supply us with beet sugar and take little or nothing from us, I think the House will agree with me that we ought to desire an extension of our trade with the West Indies and to consume to a larger extent the products of that country. If we were to put aside all other considerations, the advantages of trade with that country appeal so strongly to us that I am sure the House would desire us to make some special effort to extend our business in that quarter.

But there is another consideration which we may well take into our minds. The West India question to-day is one of the great problems of the Empire. In the olden days when sugar was king, when cane sugar was in great demand and at high price, the West India colonies were among the most prosperous colonies of the Empire. But times have changed in that respect, to some extent, and the West Indies are suffering to-day from a very severe depression. What the causes of that depression are, may possibly be a subject of contention, to some ex-

tent. It is alleged that the depression is the result of a failure on the part of the West India planters to live up to the times, and to improve their methods of growing and their methods of treating sugar. I give that as one reason which is sometimes alleged against them, not that I endorse the opinion. There is no doubt whatever that another condition has operated very largely against them, and that is the development of the beet sugar industry, particularly in the case of the continental nations where bounties are given. The West Indies claim that as respects the conflict between cane sugar and beet sugar, the West Indies could hold their own but for the difficulty which is created by the bounty system of Europe, notably of the various continental nations. Just how far that is correct is perhaps a matter upon which none of us can give a conclusive opinion. What we do know, however, is that these million and a half to a million and three-quarters of people in those islands, are suffering a very severe depression. Their finances are in a bad position, the business of the islands is in a bad position, the condition of the West Indies is at this moment a very serious subject to the people of the colonies, and a very grave problem for the Imperial Government and the Imperial Parliament. So keenly has this matter been felt of late, that a few months ago a royal commission was appointed by Her Majesty to inquire into the condition of the British West India colonies. That commission was composed of General Sir Henry Norman, Chairman, Sir David Barbour and Sir Edward Grey. These gentlemen made a very exhaustive inquiry into the condition of the West Indies, and they reached conclusions, some of which were unanimous, and some of which were matters of division. It was agreed that the financial position of the West Indies was so embarrassed that the Imperial Government would have to grant aid in the way of loans and grants for public works, and that, I may say, is being done at this moment by measures which are before the Imperial Parliament. The chairman of the commission, Sir Henry Norman, went further. He claimed that they were not likely to be successful in dealing with the West India question unless they were prepared to adopt a policy of countervailing duties, that is to say, that wherever a con-

tinental nation granted a bounty upon its beet sugar, there should be a countervailing duty upon that sugar if imported into Great Britain. That subject has been very much discussed in Great Britain. I do not think the advocates of countervailing duties there are very numerous, but they are certainly very intelligent, able and influential, and an impression existed in the minds of many people that Her Majesty's Government would yield to the recommendation of Sir Henry Norman and establish countervailing duties. However, any doubt that might have existed on that score has been removed of late by a speech delivered at Liverpool by the Colonial Secretary, Mr. Chamberlain. In that speech he indicated that the British Government were not prepared to accept the remedy of countervailing duties, but that they would seek in other ways to assist the position of the West Indies. I have already stated that measures are before the Imperial Parliament now to give aid in the shape of grants and loans for public works. It is also the desire of Her Majesty's Government to assist the West Indies in other ways. Efforts are being made to induce the West India people in some of the islands to give up the growing of sugar, and devote their attention to other products which it is thought the islands will successfully produce and no doubt something will be done in that direction. While the production of sugar has been steadily falling off, the production of other articles, chiefly fruits, has been very largely extended. Still, sugar is and must be the chief product of the West Indies for the present and for a long time to come;

and unless there can be a profitable market for the sugar of the West Indies, I am afraid there is not very much hope of the relief which the West Indies desire being obtained. Knowing as we do that Her Majesty's Government are following this question very closely, knowing that they are dealing with a serious problem in the face of many difficulties, it has occurred to us that, as the West Indies are our natural market, as they are British colonies, though far away in one respect, colonies with which we have close relations, that we have some Imperial responsibilities in this matter—it has occurred to us that we should be willing in a small way to lend a helping hand to those colonies in the sunny south. If we adhere too rigidly to the underlying feature of our preferential tariff, I am afraid we shall have to admit that the terms of the tariffs of the West Indies are not favourable to us, and perhaps we could not by a mere reciprocal clause extend the preferential tariff to the West Indies.

WEST INDIA TARIFFS.

We have examined the tariff of the West Indies, and we find that while they are high tariffs to a considerable extent, they are in no sense protective tariffs. The duties imposed are largely on food products, and these, as we can well understand, are the very things that Canada might hope to sell. I have here a statement which I shall summarize, if my hon. friends will permit me to do so, showing the operation of these West India tariffs on some of the chief products of Canada :

STATEMENT showing the Import duty levied by the undermentioned British Colonies (British W. Indies, British Guiana and Bermuda),
on the various articles as given below:

	Coal.	Flour.	Oats.	Potatoes.	Butter.	Cheese.	Codfish, dry, salted.	Planks and boards.
Jamaica	Fee.....	8s. per brl	3d. per bush	Free	1d. per lb.	1d. per 100 lbs	3s. 6d. per 100 lbs 9s. per 1,000 ft.	
The Bahamas	"	2s. 6d. per brl	6d.	2s. per brl	20 p. c.	12s. 6d. per 100 lbs 4s. per 1,000 ft.		
Trinidad and Tobago	"	3s. 4d.	4d.	Free	1d. per lb.	1d. per lb.	Free	8s. 4d. per 1,000 ft.
Grenada	"	4s.	6d.	"	"	1d.	7½ p. c.	1s. per 100 lbs. 10s. per 1,000 ft.
Barbados	2s. 6d. per ton	4s. 2d.	9d. per 100 lbs	"	8s. 4d. per 100 lbs 8s. 4d. per 1,000 ft.	1s. ½d. per 112 lbs 5s. per 1,000 ft.		
St. Vincent	£10 per £100 value 4s.	"	4d. per bush	"	1d. per lb.	1d. per lb.	1s. per 100 lbs.	
St. Lucia	6d. per ton	4s.	4d.	"	2d.	1d.	2s. per cwt.	+
Dominica	5s.	6s.	6d.	"	"	10s. per 100 lbs. 8s. 4d. per 1,000 ft.	2s. 6d. per cwt.	+
Montserrat	2s.	5s.	3d.	"	1s. 6d. per brl	8s. 4d. per 100 lbs 8s. 4d.	1s. 6d.	\$
Antigua	2s.	5s.	3d.	"	1s. 6d.	8s. 4d.	1s. 6d.	\$
St. Christopher (St. Kitts)	2s. 1d. per ton	4s. 6d.	3d.	"	1s. 6d.	8s. 4d.	1s. 6d.	\$
Bermuda	Free	15 p. c.	15 p. c.	"	15 p. c.	15 p. c.	15 p. c.	15 p. c.
British Guiana	50c. per ton loose	\$1.00 per brl	4c. per lb.	Free	2 cts. per lb.	2 cts. per lb.	50 cts. per 112 lbs \$3.00 per 1,000 ft.	
	32c. p. hoghead							

Shrub and white pine, 5s. per 1,000 ft.; pitch pine, 10s. per 1,000 ft.; all other kinds, 12s. 6d. per 1,000 ft.

1 Pitch pine, rough or prepared for buildings, 16s. per 1,000 ft.; white pine and spruce, 10s. 10d. per 1,000 ft.

2 Irish pine, 12s. 6d. per 1,000 ft.; hard woods, £1 0s. 10d. per 1,000 ft.; white pine and spruce and all soft woods, 8s. 4d. per 1,000 ft.

3 Pitch pine, 8s. 4d. per 1,000 ft.; hard woods, £1 0s. 10d. per 1,000 ft.; white pine and spruce, 6s. 3d. per 1,000 ft.

PREFERENTIAL TARIFF EXTENDED TO
THE WEST INDIES.

I think it cannot be contended that in any case these are protective duties. They are not designed to exclude the products of Canada, or indeed to exclude the products of any country, but those people find that the necessities of their revenue oblige them to tax food products very heavily. Therefore, as I said a moment ago, were we to apply too rigidly the principle of our preferential tariff to those colonies, I am inclined to think we could not properly admit them to the benefit of that tariff. Nevertheless, in view of the condition of affairs which exists there to-day, in view of our own desire to extend our trade relations with the West Indies, in view of the difficulties which are presented in the treatment of the question by Her Majesty's Government, and with a desire to assist in some small and modest way in working out these great and difficult problems, we propose that without waiting for anything further, without demanding concessions from our West India friends which their needs might not allow them to grant, without insisting upon a rigid compliance with the conditions, we propose, after the first day of August, when the treaties expire, and when we can give full play to our policy of preferential trade, to extend that policy to all the British colonies in the West Indies.

The principal imports to be expected from the West Indies will of course be sugar, but we may expect other things, and notably fruits. On the other hand, we should be able largely to increase our sales of Canadian products to those islands. The maritime provinces have long carried on a trade with those islands, chiefly in fish and lumber, though other products have been sold as well. If we increase our purchases of West India sugars, as we hope to do, there is no reason to doubt that our exports in these lines will be increased. But, Sir, we do not think this trade should be confined to the maritime provinces; there does not seem to be any reason why the products of the province of Ontario and the great west should not find a large market in the West Indies. If we look into the statistics of the islands we will find that the West Indies are large consumers of food products such as we raise in Canada, but we find that the bulk

of those products are being received from the United States. My hon. friend the Minister of Trade and Commerce says, through the United States. There is something in that point; but I think the great bulk of the food products for the West Indies are the products of the United States as well as having been shipped from the United States. There does not seem to be any good reason why the flour, cheese, bacon, ham, lard, butter, and the various articles which the farmers of Ontario and the west produce could not have as fair a chance of sale in the markets of the West Indies as similar products from the United States. There has been a difficulty in the past, I think, through lack of attention to these markets. Sometimes a merchant, with an unsaleable stock, thinks it a very simple thing to dump it on the West Indies market, and then he complains that he has not made any money on it. You cannot do business in the West Indies or anywhere else in that way. Our producers must realize that in order to sell their goods in the West Indies they must ascertain the conditions of the market and adapt themselves to these conditions. But surely there is no reason why the farmers and merchants of Canada cannot adapt themselves to those markets just as well as the farmers and merchants of the United States. We believe if care be taken to investigate the market, if care be taken in collecting the right articles as to quality, in sending them out at the proper time and in the manner of packing them, taking care that the quality is what the West Indian market wants and the style of package is what is required, there is a fair chance of very considerable extension of Canadian trade in that quarter. For some years we have had two steamship lines running to the West Indies; one from Halifax to Jamaica, and the other from St. John and Halifax to Georgetown, Demerara, which is on the mainland of South America. But the line from Halifax and St. John down to Demerara is by a route involving so many ports of call that by the time the destination is reached the voyage is a very long one, and the importers at the distant points claim they have not the same opportunity to trade with Canada as with the United States. It is very desirable, if it can be accomplished, and though we have

no proposal to make on the subject to-day we hope something of the kind will be brought about, that a quick and direct line from Canada, not calling at all these way ports, but calling at Barbados, Trinidad and British Guiana, may be established. If attention be given to this trade in the way suggested, we have a strong hope, from inquiries made, that a very considerable trade will be built up in that direction. Whether we are successful in doing so or not, one thing is certain, namely, that the present condition of the West Indies and the Canadian West India trade demands that some effort should be made on these lines, and we think the best we can do for the people of the West Indies is to say: We will give you the benefit of our preferential tariff, without bargain or anything else, and we do not expect you to make very great concessions to us; but if any means can be devised whereby obstacles to Canadian trade can be removed in that quarter, we have no doubt that you, our brother colonists, will meet us in the same spirit as we desire to meet you.

CHANGE IN THE SUGAR DUTIES.

There is another direction in which we think we can do a little to help the people of the West Indies. The present method of levying the sugar duties in Canada operates unfavourably to the sugar trade with the West Indies. The duty is a flat specific duty of one-half cent per pound on raw sugar. It admits of very large variations and very large injustices. A sugar testing by the polariscope 75 degrees is worth 86c. per 100 lbs., and 50c. duty represents 58 per cent. Sugar testing 96 degrees is worth \$2.27 per 100 lbs.; 50c. duty represents 22 per cent, as against 58 per cent on the lower grade. I do not pretend that we can have absolute equality in these matters, but it will be admitted that the system of levying duties operates unequally. We had for some years in Canada the polariscope test, and I learn from the customs authorities and from all whom I have asked information, that it worked very well. Then, for several years raw sugar was free. In 1895, $\frac{1}{2}$ c. per pound was levied. I am not informed, of course, as to what was in the mind of the hon. member for York (Mr. Foster) when he levied it. It was

probably levied in a hurry, without much thought being given to it, and it has operated unfairly. The duty was a small one, and I can readily understand that one might imagine that there could not be very much inequality in applying it. But experience has shown that even with half a cent a pound there is inequality of duty against sugars of the lower grades, and a considerable quantity of the West India sugars is not of high grade.

When we deal with food products generally, it is not desirable to encourage low grades, and for that reason a specific duty on food is advocated by some hon. gentlemen who do not believe in specific duties in other cases; but I call attention to the fact that raw sugar, especially of low grades, is not a food, and is not likely to be eaten. Raw sugar is a raw material which only becomes a food after it is refined, and therefore we have no particular desire to legislate against it. Inasmuch as there is a considerable quantity of low grade sugar, not so low as 75 degrees, but of moderately low grades, on the market, it is not the business of Canada to turn away the trade which this sugar offers. While our tariff is operating in that way, the tariff of the United States is graduated so as to encourage the trade in these low grade sugars. They have adopted the polariscope test, and the effect is to establish a graduated scale of duties whereby low grades pay in proportion to their value. The polariscope system is practically under another name an ad valorem duty; low grade sugar pays its proportion and high grade pays according to its value.

We therefore propose to return to the polariscope system used in Canada so successfully a few years ago. We propose to begin at the limit of 75 degrees by polariscope test and charge for that degree or anything below it a duty of 40c. per 100 lbs., and we add $1\frac{1}{2}$ c. for each additional degree. The average test of raw sugar used in Canada to-day is, so far as we can obtain information, 92 degrees by the polariscope. That information come from the refiners, who possess the best knowledge; one gave 91 $\frac{1}{2}$ and the other 92 degrees. Assuming that to be the correct average, and applying our new scale of duties to the present consumption of sugar in Canada, we

find that on 92-degree sugar the duty will be 65½c. per 100 lbs., as against 50c. per 100 lbs. under the present tariff.

In the early part of my remarks, I stated that in consequence of the reduction we are obliged to make in duties on British imports after 1st July, and to maintain our finances in a strong condition, we want to make some material additions to our revenue in some other quarters, and we propose to do it in the way of making a small increase in the duties on sugar, although the duties we propose will be very much less than those which prevailed in Canada a few years ago. At 92, if we take that as proper standard, the duty shall be 65½ cents per 100 pounds. But there must be considered in that connection the preferential tariff to which I have referred, and which will take effect as regards the West India sugar after the 1st day of August next. If we apply that preferential tariff to the 65½ cents per 100 pounds, the quarter of it under the preferential rate will be 16 37-50ths, which will leave the preferential rate at 49½ cents as against the existing rate of 50 cents per 100 pounds. That is to say, upon so much of our sugar consumption as we may be able to obtain from the British West Indies under the new order of things there will be no increase, but on the contrary there will be a slight reduction of duty, it being—if the average as given to me is correct—49½ as against 50 in the present tariff. But as respects that portion of the sugar which may not come from the West Indies, but which may come from other countries there will of course be the small increase I have mentioned.

Mr. WALLACE. It must be the production of the West Indies; not only sent from there but produced there.

The MINISTER OF FINANCE. Oh, yes; certainly. In the case of fractions of a degree we propose that where a fraction is five-tenths or less it shall not count, but where it is more than five-tenths it shall count as a degree, so that for the purpose of revenue we will have no fractions, not even to the extent of half a degree.

The effect of this upon the revenue is a very difficult question to deal with and we can only guess at it. It depends entirely upon how much sugar may come in under the

preferential rate. Upon all sugar that may come in from the West Indies under the preferential rate we will receive no increase whatever, but will receive a little less duty than under the present tariff; but for whatever may come in from other countries we will receive an increase to the extent of 15½ cents per 100 pounds. We think it will give us a moderate amount of revenue. One can only guess at how much revenue it will give, because we have no means of knowing as to what proportion of West India sugar will be drawn into our markets by this arrangement. Our hope and desire is that we shall largely increase the consumption of West Indies sugar. As I mentioned a moment ago, our consumption of sugar is 330,000,000 pounds out of which we receive at present only 25,500,000 pounds from the British West Indies and British Guiana, but we trust that the effect of this arrangement may be to largely increase that. If our anticipations in that respect are realized, we will of course get no increase of duty from that source but will actually get a little less. However, upon so much of the sugar as may not come from the West Indies, we will get an increase to the extent of 15½ cents per 100 pounds.

With respect to the duty on refined sugar, we propose to apply the polariscope to that also. In the case of raw sugar we take as our starting point 75 degrees, but in the case of refined sugar we take as a matter of course a higher starting point.

We propose that the duty on refined sugar shall be \$1.08 cents per 100 pounds on sugar testing 88 degrees, or anything below that; and for every additional degree there will be 1½ cents per 100 pounds added, just as in the case of the duty on raw sugar. On what is called yellow sugar testing 88 degrees, the increase of duty under this arrangement will be 8 cents per 100 pounds; although the increased duty on the raw material, or so much of it as may come from other countries than the West Indies, will be considerably in excess. If you start at \$1.08 for 88 degrees, and if you add 1½ cents for each degree, you will find that the granulated at 99½ will bear a duty of \$1.24½ per 100 pounds as against the \$1 duty of the present day. That is to say, the increase of the duty on the refined sugar will vary from one-twelfth

of a cent per pound on the yellow or soft sugars, running up on granulated as high as 24½ cents per 100 pounds, or practically on the higher and more valuable sugar an increase of a quarter of a cent per pound; while in the case of the cheaper refined sugars the increase will be about 8 cents per 100 pounds and upwards.

THE PREFERENTIAL SECTION AND SCHEDULE.

I have now explained all the tariff changes which we propose to make. I want now to read, with your permission, Sir, the new preferential section and schedule :

That it is expedient to provide that section seventeen of "The Customs Tariff, 1897" shall be repealed on and after the first day of August in the present year, one thousand eight hundred and ninety-eight, and that the following section shall be substituted therefor :—

17. Articles which are the growth, produce or manufacture of any of the following countries may, when imported direct into Canada from any of such countries, be entered for duty or taken out of warehouse for consumption in Canada at the reduced rate of duty provided in the British preferential tariff, set forth in Schedule "D" to this Act :—

(a). The United Kingdom of Great Britain and Ireland.

(b). The British Colony of Bermuda.

(c). The British Colonies commonly called the British West Indies, including the following :—

The Bahamas.

Jamaica.

Turks Island and the Caicos Islands.

The Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands).

The Windward Islands (Grenada, St. Vincent and St. Lucia).

Barbadoes.

Trinidad and Tobago.

British Guiana.

These colonies are admitted specifically without regard to any reciprocal conditions.

(d). Any other British colony or possession the customs tariff of which, on the whole, is as favourable to Canada as the British preferential tariff herein referred to is to such colony or possession.

Provided, however, that manufactured articles to be admitted under such preferential tariff shall be bona fide the manufactures of a country or countries entitled to the benefits of such tariff, and that such benefits shall not extend to the importation of articles into the production of which there has not entered a substantial portion of the labour of such countries. Any question that may arise as to any article being entitled to such benefits shall be decided by the Minister of Customs, whose decision shall be final.

2. The Minister of Customs, with the approval of the Governor in Council, shall determine what British colonies or possessions shall be entitled to

the benefits of the preferential tariff under clause (d) of this section.

3. The Minister of Customs may, with the approval of the Governor in Council, make such regulations as may be deemed necessary for carrying out the intention of this section.

You will see, Sir, that under the arrangement proposed we admit by name the products of Great Britain and the products of the British colonies in the West Indies ; and then we have a general clause whereby we may admit the products of any other British colony the tariff conditions of which are deemed to be favourable to Canada. Under that clause we will admit at once the products of New South Wales and the products of British India ; and if the tariffs of any other colonies are or shall be made favourable and satisfactory to Canada, the same benefit may be extended to them. I shall move :

That it is expedient to provide that Schedule "D" to "The Customs Tariff, 1897," shall be repealed on and after the first day of August in the present year, one thousand eight hundred and ninety-eight, and that the following schedule shall be substituted therefor :—

SCHEDULE "D."

BRITISH PREFERENTIAL TARIFF.

On articles the growth, produce or manufacture of the United Kingdom of Great Britain and Ireland, or of any British colony or possession entitled to the benefits of this preferential tariff under section seventeen, the duties mentioned in Schedule "A" shall be reduced as follows :—The reduction shall be one-fourth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall be three-fourths of the duty mentioned in Schedule "A."

Provided, however, that this reduction shall not apply to any of the following articles, and that such articles shall in all cases be subject to the duties mentioned in Schedule "A," viz.:—wines, malt liquors, spirits, spirituous liquors, liquid medicines and articles containing alcohol; tobacco, cigars and cigarettes.

Provided further, that the reduction shall only apply to refined sugar when evidence satisfactory to the Minister of Customs is furnished that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies or possessions.

That is to say, that inasmuch as we would not admit foreign sugar in its raw state under our preferential tariff, we will not admit the refined sugar made from that raw sugar; but if any sugar is refined in countries entitled to the benefit of this preference, from sugar grown not only in the West Indies, but anywhere in the British possessions, that refined sugar shall be admitted into Canada on the terms of the preferential tariff.

CONDITION AND PROSPECTS OF CANADA.

As we look back, Mr. Speaker, on the events of the past year, we have much cause for gratification, and when we turn to the future we find it bright and encouraging. The signs that meet us everywhere in Canada are those of peace, progress and prosperity. The one question which seriously threatened the harmony of our people and the good-will which should prevail between our citizens of different creeds—a question which a few months ago was a burning one and a cause of great anxiety—has been so happily settled that now it is scarcely mentioned. At no time in the history of the Dominion have the people been more united, more harmonious, and more hopeful and confident respecting the future of our country. In the centres of manufactures, trade and commerce, there is an activity which tells of confidence in the present and in the future. The great agricultural interests, which are the foundation of our country's prosperity, are on a better footing than for many years past. Encouraged to produce not only for the home markets but for the markets of the world, our farmers everywhere are applying themselves to their work with intelligence and skill. The ships which have come to our seaports during the past year, are insufficient to carry the increasing volume of commerce, and the shipwrights of the world are busy in constructing new vessels for this trade. Our long delayed canal enlargements are being pressed forward to early completion, and give promise of affording increased facilities for the transportation of the products of the great west to our shipping ports. Railway enterprises east and west are actively assisting in the good work. The fishermen of our Atlantic and Pacific coasts continue to reap the rich harvest of the sea. In all directions we find an extraordinary development of the mineral wealth of the Dominion. The powerful magnet of gold, which is found in several quarters of the Dominion, is doing much to attract capital and population. The new mines in the province of Ontario give promise of great development and profit. In the east, the mines of Nova Scotia, which have been working with considerable success for many years, are to-day giving most satisfactory results, and new discoveries are constantly being

made. In the west, the province of British Columbia is steadily growing in fame as a rich mining country. The northern regions of our Dominion, which were long regarded as of little value, have become sources of boundless wealth. A few years ago, as I sat at the breakfast table in a Paris hotel, I was addressed by a neighbour, of whose nationality there could be no doubt. "Sir," he said, "from what part of our little Republic might you be?" I answered that I was not from his "little Republic" but from the greater one to the north. My friend was puzzled for a moment, and I had to remind him that the greater part of the North American Continent did not belong to his "little Republic," but was under the British flag. "Well, sir," he said triumphantly, "we do not claim to own the ice house." These great northern regions, which my American friend described so contemptuously as "the ice house," are to-day counted among the famous lands of the world. The "Yukon" and "Klondike" are world-wide names, and the land through which these rivers run is attracting to itself many thousands of people from the great centres of civilization. In nearly every department of industry in Canada there is activity and confidence.

We are not foolish enough to claim that all this has been brought about by our policy, although we are well aware that if the results had been the reverse, the blame, justly or unjustly, would have rested upon our shoulders. We are well aware, and we gratefully recognize the fact, that the prosperity that has come to Canada is due to the liberality of a kind Providence in giving us a bountiful harvest. One thing we do claim, and all we claim, as respects our policy, is that so far as legislative measures may help to encourage and strengthen a people, such has been the result of the action we have taken. Against the representations of our opponents we place the record of the past year, and the judgment of the Empire at large. Never was a tariff policy submitted to Parliament, which was received with greater satisfaction by the people of Canada, than that which was announced a year ago. Never in the history of the British colonies was a measure proposed which in so large a degree commanded the interest and received the approval of Great and Greater Britain.

It was hailed with joy by the friends of British Imperial unity in every land. It was commended by Her Majesty in her Speech from the Throne in the Parliament at Westminster. It was the subject of thousands of articles of the most commendatory character, in the British and colonial press. Rudyard Kipling, the poet of the Empire, was quick to feel the wave of sentiment that passed over Great Britain, and within a few hours from the announcement of the tariff, he embalmed the subject in spirited lines which will live in the history of Canada, and which, even if, as some have thought, they may convey inaccurate impressions as to the coldness of our climate, will nevertheless tell to every reader that in 1897 the heart of "Our Lady of the Snows" was full of warmth and devotion to the interests of the Empire. British statesmen, both publicly and privately, expressed their satisfaction with Canada's action. The Colonial Secretary, the Right Hon. Mr. Chamberlain, in an official despatch to His Excellency the Governor General, which I shall place on the Table—a despatch communicating the decision of Her Majesty's Ministers respecting the effect of the Belgian and German trea-

ties—used some words which I may properly quote here :

"I desire," said Mr. Chamberlain, "to add, in conclusion, that the action of the Dominion Government and Parliament in this matter, although, unfortunately, its full effect will be temporarily postponed, has been warmly welcomed and appreciated by Her Majesty's Government and the people of this country, as a measure which cannot fail to result in material benefit to the mother country and to Canada, and to weld together still more firmly the ties which now unite them."

Sir, the policy which Her Majesty's Government so warmly commended, was a policy designed to establish preferential trade between Canada and the mother country. To-day we submit a proposal which enlarges the sphere of that preferential trade. To-day we propose to include within its benefits a large group of British colonies, the affairs of which are at this moment a cause of much anxiety to Her Majesty's Government. Thus step by step the good work goes on. One step remains to be taken, and I believe the day is not far distant when we shall be able to take it—a step which will extend the benefits of the preference, not only to Great Britain and the colonies which we have now included, but to every colony and possession of the Empire.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, 2ND MAY

1899



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY

1899

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CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

House of Commons, at Ottawa, Tuesday, 2nd May, 1899

WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Mr. Fielding) moved :

That the House resolve itself into committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

He said : In availing myself of this motion to make the customary statement of the financial affairs of the Dominion, I have the agreeable duty of dealing with a period which is unquestionably the most prosperous period in the history of the Dominion of Canada. I shall treat, in the first place, of the fiscal year ended June 30 last, and as some nine months have elapsed since that date, and all the main features of the year's accounts have long been public property, I shall be as brief as is consistent with the importance of the subject. Speaking generally, the operations of the year have surpassed the expectation formed by me a year ago in the statement I then made. The marked revival which has been experienced in all lines of trade in the business world has, of course, contributed to this result, and I am persuaded that the policy of this Government in relation to all that touches

the people's interests has been an important contributory cause. For the year 1897-8, the total revenue amounted to \$40,555,238 or \$1,255,238 more than I anticipated, and \$2,725,459 more than the previous year. The details of this revenue I give as follows, with a comparison of the receipts of the previous year 1896-97 :—

	1897.	1898.	Increase. | Decrease.
	S	S	S
Customs..	19,478,247	21,704,892	2,226,645
Excise....	9,170,378	7,874,562	... . . . . 1,295,816
Post Office	3,202,938	3,527,809	324,871
Miscell. laneous...	5,978,213	7,450,972	1,472,758

Showing a net increase for 1898 over 1897 of \$2,725,459. The increase in customs duties is very pronounced. From an analysis of the report of my colleague the Minister of Customs (Mr. Paterson), I find that on the following articles we received an increase in the amount of duty as compared with the previous year :—

INCREASES OF REVENUE, 1897-98.

Ale, beer and porter	\$ 4,073
Animals, living.....	31,521
Brass and manufactures of.....	4,572
Arrowroot, biscuits, rice, maccaroni.....	65,729
Flour and meal of all kinds.....	29,119
Brooms and brushes	6,132
Candles	5,030
Cement	37,780
Clocks and clock springs.....	11,302
Coffee	3,814
Copper and manufactures of.....	5,342
Cotton, manufactures of.....	172,816
Drugs, dyes, chemicals and medicines.....	34,752
Earthenware and china.....	7,125
Fancy goods	90,545
Flax, hemp and jute, manufactures of.....	48,634
Fruits and nuts, dried.....	80,716
Fruits and nuts, green	25,147
Furs and manufactures of	5,115
Gutta percha and India-rubber, manu-fac-tures of	3,509
Hats, caps and bonnets.....	20,992
Iron and steel, manufactures of	38,148
Jewellery	744,756
Lead and manufactures of.....	25,624
Leather, manufactures of	10,784
Marble, manufactures of	48,674
Metal composition and other.....	6,413
Musical instruments	63,879
Paints and colours	\$11,717
Paper and manufactures of.....	10,158
Pickles, sauces and capers, all kinds.....	32,288
Printing presses	3,844
Provisions, viz., butter, cheese, lard and meats	11,013
Ships and vessels and repairs on.....	243,882
Silk, manufactures of	18,474
Spices of all kinds.....	166,047
Spirits and wines	4,004
Sugar candy and confectionery	77,803
Tobacco, manufactures of	5,376
Varnish	180,046
Vegetables	4,287
Watches and parts thereof	15,167
Wool and manufactures of	3,552
All other dutiable goods	174,207
	507,979

On the other hand, we have received from the following classes of articles a reduced revenue, as compared with the previous year :—

DECREASES OF REVENUE.

Books, periodicals and other printed mat-ter	\$ 20,951
Grain of all kinds	116,722
Bricks and tiles	2,906
Carriages	90,048
Carpets and squares	11,047
Cocal and coke.....	38,629
Cordage of all kinds	5,829
Embroideries, n.e.s..	30,176
Fish and products of	3,791
Glass and manufactures of	45,355
Gold and silver, manufactures of	2,382
Oils	46,316
Seeds and roots	10,782
Sugar of all kinds	399,039
Sugar, molasses	12,630
Wood and manufactures of	3,980

EXCISE.

Our receipts from excise declined to the extent of \$1,298,816, and, had the circumstances been at all normal, this decline would challenge comment. But you will remember, Mr. Speaker, that, owing to the expectation of increased duties in the spring of 1897, large quantities of spirits, malt and tobacco were ex-warehouseed for consumption, and, as a consequence, the receipts from excise suffered in the year 1897-98 to the extent of this anticipation. The movement in the various articles of excise is as follows:—

Articles.	Quantity, 1897.		Duty accrued, 1897.		Duty accrued, 1898.		Increase.	Decrease.
			\$	\$	\$	\$		
Spirits	Galls.	2,782,514	1,878,345	4,732,506	3,563,575	.....	1,168,931	
Malt	Lbs.	68,443,353	38,954,715	1,026,652	584,321	.....	442,331	
Cigars.....	No.	113,276,105	113,132,223	678,029	676,577	.....	.....	1,452
Cigarettes.....	"	93,798,000	80,562,817	156,257	240,343	84,086	.....
Tobacco and snuff....	Lbs.	10,690,765	*17,321,045	2,398,443	2,651,633	253,190	.....
			8,991,887	7,716,449	337,276	1,612,714		
							337,276	
								1,275,438

* This includes 8,506,199 lbs. of foreign raw leaf tobacco, on which a Customs duty of 10c. per lb. was collected.

The per capita consumption of spirits, beer, wine and tobacco for the year 1897-98 and for the three preceding years, according to the report of my colleague the Minister of Inland Revenue, is as follows :—

	Spirits, Galls.	Beer, Galls.	Wine, Galls.	Tobacco, Lbs.
1895 .....	.666	3,471	.090	2,163
1896 .....	.623	3,528	.070	2,120
1897 .....	.723	3,469	.084	2,243
1898 .....	.536	3,808	.082	2,358

INCREASES AND DECREASES OF EXPENDITURE.

Leaving the revenue, and coming to the expenditure side of the statement, I find the total expenditure on Consolidated Fund amounted to \$38,832,525.70. This is somewhat in excess of the estimate of \$38,750,000 I made last year, and is \$482,765 more than was expended in the previous fiscal year. In the following services I find there have occurred increased outlays :—

Sinking funds	\$258,154
Arts, agriculture and statistics	20,841
Immigration	133,756
Quarantine	17,081
Pensions	5,305
Superannuation	32,393
North-west Mounted Police	239,253
Public Works, Consolidated Fund	237,594
Railways and Canals, Consolidated Fund	56,085
Mail subsidies and steamship subventions	35,961
Lighthouse and coast service	28,473
Indians	44,520
Government of the North-west Territories	27,151
Customs	26,074
Excise	3,893
Culling timber	2,627
Public Works, collection of revenue	8,745
Railways and Canals, collection of revenue	323,534
Trade and Commerce	2,582

There have been decreases in the expenditures on the following services, as compared with 1896-97 :—

Interest on public debt	\$ 28,905
Charges of management	43,340
Premium, discount and exchange	72,086
Civil Government	19,424
Administration of justice	9,153
Dominion Police	1,688
Legislation	404,943
Penitentiaries	23,203
Militia	153,115
Ocean and river service	42,704
Fisheries	1,862
Geological Survey	10,000
Miscellaneous	21,006
Weights and measures, and gas	1,469
Post Office	214,066
Dominion Lands	20,118
Electric light inspection	1,993

The principal increases will be found in Sinking Funds, Immigration, Mounted Police, Public Works (consolidated fund), and Railways and Canals (collections). The increase in the sinking fund is, of course, only

nominal, as the money is simply taken out of one pocket and put into another. I need say nothing with regard to immigration other than to mention the necessity of bringing to our shores those who are capable of taking advantage of our vast tracts of unoccupied lands. The increase with regard to the North-west Mounted Police is created by reason of the administration of the Yukon; my hon. friend the Minister of Public Works (Mr. Tarte) has had to keep our various public works in the best shape, and the extension of the Intercolonial Railway to Montreal is the principal reason for the increase in railways and canals collection.

The principal decreases occur in Legislation, Militia and Post Office. You will remember that in 1896-97, we had two sessions of Parliament, and the accounts of 1896-97 contain the charge for the extra session; hence the reduction under the head of legislation in comparing the accounts of the year 1897-98 with those of the previous year. With regard to militia, in 1896-97 we had to expend extra sums on the annual training. In consequence of the camps having been omitted the last year of the administration of hon. gentlemen opposite, and hence the reduction of the expenditure in 1897-98 as compared with 1896-97.

The reduction in the Post Office Department expenditure of 1897-98, as compared with 1896-97, follows as the result of the business-like management of that branch of the public service by my hon. friend the Postmaster General (Mr. Mulock), whose accounts show an increase of revenue to the extent of \$324,871, and a decrease of expenditure to the extent of \$214,066, making, as regards these two items of increased revenue and decreased expenditure, a betterment in the Post Office Department amounting to \$538,937.

Post Office Department—

Increased revenue as compared with previous year	\$324,871
Decreased expenditure as compared with previous year.....	214,066

Total betterment in P. O. Dept.. \$538,937

This state of affairs has encouraged the hon. gentleman (Mr. Mulock), and the Government to take the important step of reducing the domestic postage to 2 cents, and also to co-operate in extending the advantages of penny postage to a great part of the Empire.

SURPLUS, 1897-98.

I have dealt thus generally with the revenue and expenditure, and now let me recapitulate. We received a revenue of \$40,555,238; we expended \$38,832,525, and this left us a surplus of \$1,722,712, as a result of the operations of the year on the ordinary services.

Revenue received	\$40,555,238
Expenditure	38,832,525
Surplus.....	\$1,722,712

In my financial statement of last year I intimated that my aim was to insure a surplus for the year 1898-99 which at least would be equal to the deficit of the previous year, namely, \$519,000; and leave something to the good. I went on to say, however, that there were certain conditions of the trade at that time which were so hopeful that I would not be surprised if a more favourable result were obtained. I am glad to be able to say that buoyancy of trade and our revenues was even greater than my own expectations, and so we are able to have this handsome surplus, which is largely in excess of the amount which I estimated in my statement to the House last year.

CAPITAL EXPENDITURE, 1897-98.

In addition to the outlay chargeable to what is ordinarily known as income in 1897-98 we expended other sums known as capital charges to the amount of \$4,156,696, made up as follows:

Intercolonial Railway and Prince Edward Island Railway	\$ 270,298 68
St. Lawrence River and Canals....	2,535,949 61
Other canals	671,658 68
Public Works—Government Buildings, Ottawa, improvement in St. Lawrence and Port Arthur Harbours	376,852 66
Dominion Lands	127,504 71
Militia	173,740 32
Canadian Pacific Railway Company.	692 17
Total.....	\$4,156,696 83

There was also paid out for railway subsidies—an item which goes to increase our debt, but which is not technically chargeable to capital, although it amounts to the same thing—the sum of \$1,414,934.78; making for capital expenditure and railway subsidies for the year a total of \$5,571,631.61.

After paying for this outlay and making provisions for \$930,482.25, representing discount and expenses of the loan of 1897, the net debt for the year 1897-98 has only been increased by the sum of \$2,417,802.

The capital expenditure was, of course, large in 1897-98, and is large this current fiscal year, but with the approaching completion of the enlargement of the canals a reduction on this head is proposed, as you will see by the Estimates for the year 1899-1900 recently submitted.

THE INCREASE OF DEBT.

The following statement gives details of how the increase in the net debt is accounted for:

Capital expenditure and railway subsidies	\$5,571,631 61
Discount and expenses of loan of 1897	930,482 25
Total.....	\$6,502,113 86

Less—Amount of receipts over expenditures on account of Consolidated Fund	1,722,712 33
Sinking Funds	2,359,968 55
Refunds on account of public works (capital) and N. W. Rebellion....	1,630 53
Total.....	\$4,084,311 41

Net increase debt	\$2,417,802 45
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Coming now to the current fiscal year, of which but two months have to elapse, I wish to lay before you, Mr. Speaker, what my expectations are as to revenue and expenditure.

Up to the 30th of April of the present year, our receipts were \$37,232,700.46; being \$5,077,160.61 more than we received during the same period last year. From April 30th to the 30th June last year we received \$8,399,698.18, and if to these two sums we add the probable proportionate increase of \$1,000,000 between the 30th April and the 30th of June, we arrive at an estimated revenue for the current year of \$46,632,398.64.

SURPLUS OF 1898-99.

On the other hand, up to the 30th April, 1899, we expended \$27,972,847.04; or \$2,493,503.14 more than for a similar period last year.

If to these we add the amount of expenditure between the 30th April and the 30th of June last year, namely, \$13,352,181.80, and estimating the probable proportionate increase of \$700,000 this year over last year, between this and the end of the year; I estimate that our expenditure for the year ending 30th June, 1899, will be \$42,026,028.84.

As I have just estimated the revenue at \$46,632,398.64, you will see, Mr. Speaker, that

for the current fiscal year I anticipate a surplus of receipts over expenditures of, in round numbers, \$4,600,000. With reference to this estimated surplus for 1898-99, I must, however, say that in consequence of the buoyancy of trade and the confident tone of business, the making of an exceedingly close estimate is very difficult. Some features which enter into the estimate, such as the amount of the royalties and other receipts from the Yukon, are conjectural, and there are no means of arriving at accurate estimates. But the figures given are based on the actual results up to the 30th of April of the present year, to which are added the figures of last year to represent the expenditure for the unexpired portion of the present year, with a proportionate estimated increase in the revenue and expenditure. It may possibly be the case that the surplus will turn out larger than the estimate I have just made; but to be within reasonable bounds, and to avoid anything like being over-sanguine, I have put it down at \$4,600,000.

With regard to the capital expenditure and the effect on the net debt of the operations of the current fiscal year, I find, Mr. Speaker, that up to the 30th of April, 1899, we expended on capital account and for railway subsidies the sum of \$7,162,795.18. To complete the service of the year it is estimated that \$1,500,000 additional will be required, making in all an expenditure of \$8,662,795.18. If we deduct from this amount the aggregate of the estimated surplus of \$4,600,000, and the estimated outlay for sinking fund of \$2,355,000, it will be found that I anticipate an addition to our net debt on the 30th of June next of \$1,700,000.

Some hon. MEMBERS. Hear, hear.

Some hon. MEMBERS. Oh, oh.

The MINISTER OF FINANCE. My hon. friends opposite, I see, smile at the modesty of the amount, and at the idea that the Government should be able to carry on the vast operations which this Government have engaged in, and show only the moderate increase in the debt of last year of \$2,500,000 or less, and an estimated addition to the debt of the present year of only \$1,700,000, as against the average of \$6,000,000 which hon. gentlemen opposite added yearly to the public debt.

Now, while I put down the sum of \$1,700,000 as the estimated increase of debt,

it is but right that I should add a word of explanation similar to what I have stated in estimating the surplus of the current year, because the amount of surplus affects the amount of net debt. It may not be surprising if at the close of the year it be found from increased revenues from the Yukon, which we cannot possibly at the moment foresee, that the increase of debt is not so large as I have anticipated. I may say also that the estimate of the capital expenditure and for railway subsidies for the next two months is a very generous one. Keeping these two circumstances in mind, I think the figure I have given of \$1,700,000 as the increase of net debt is an outside one. My desire has been to give you, Mr. Speaker, a fair, safe and accurate estimate of my expectations of the year's out-turn, and to keep well within bounds.

VALUE OF CANADIAN SECURITIES.

In speaking of our debt it might not be out of place to bring to the attention of the House the value of our principal stocks in the London market, as shown by the quotations of the Stock Exchange.

From the year 1894 until the end of 1897 the Bank of England rate ruled very low, for the greater part of that time being only 2 per cent, and during this period of stagnation there was a decided reserve on the part of investors to touch any class of securities except those of the very highest grade. As a consequence of the low rate of interest, the scarcity of first-class investments, and this reserve on the part of investors, all "gilt-edged" stocks rose in 1896 and 1897 to values which a leading financial paper characterized as abnormal. The market prices of Canadian 3 per cents rose with others to as high as 108.

With the revival in business, the rise in the bank rate, and the increasing openings for safe investments the abnormal values of 1896 and 1897 receded. This fall affected not only Canadian stocks but was experienced by all the highest class issues, even consols. In the case of the latter (consols), there was a fall of 2 to 2½ points between the prices of the end of December, 1897, and December, 1898. In India threes there was a similar decline of three points. In the class of securities known as British corporations, that run on all-fours with the

colonial stocks, there has been a very special and noticeable set-back of from four to seven points in the prices of December, 1897, and those of December, 1898. In the whole line of colonial stocks there was a fall of three or four points, though in some cases the fall was as much as seven points. Although the Canadian securities were to some extent depreciated, as was the case with other stocks, yet the depreciation was not so great nor so lasting as in the case of other securities of a similar character.

Taking the two stocks that have some time yet to mature, I refer to the 3 per cent and 2½ per cent issues, and eliminating the other stocks that are gradually approaching par in consequence of their early maturity, I find that the 3 per cents are quoted at 102·4 and the 2½ per cents at 91·2.

BRITISH TRUSTEE STOCKS.

There is another subject of interest to which I might refer in this connection, and that is to what has been done in the direction of obtaining Imperial legislation so that Canadian inscribed stocks might be included in the list of securities in which investments might be made by trustees. Without going at all into the history of the matter, I may say that on the 23rd of February last an Order in Council on the subject was passed and forwarded to the Imperial Government, putting our case as strongly as possible, and urging that Her Majesty's Government take such action as would provide for the inclusion of Canadian stocks in the list of securities authorized for trustee investments. Our efforts are being ably aided by the High Commissioner, Lord Strathcona. This would be a distinct advantage to our securities, and I estimate that their enhancement in price, if they could be put on the trustee list, would be somewhere about two or three points. It was recently shown that in consequence of legislation according some favourable terms to Crown colonies in respect of their loans, the market price advanced so as in effect to place this class of securities on a level with the trustee list. The gain in several cases was from three to six points.

It may be noticed that recently a 2½ per cent loan of £1,000,000 was floated by the corporation of Liverpool. This security comes within the category of trustee investments, and it realized £93 10s. 5d. per £100.

So that I am within bounds when I say that I think the effect of placing our securities in this class would enhance their value about two or three points. Looking at the large amount of our debt that matures at an early date, the advantage to Canada of this privilege is a very material one.

It is no doubt very probable also that at an early date, owing to the large absorption of consols by the Imperial Government for savings bank investments; they may have to extend the field of securities in which investments may be made. It is to be hoped that a further impetus will be given towards putting our stocks on a higher plane. In view of the fact that a very large amount of our debt is to mature within a comparatively early period, the very great importance of our inducing, if we can, Her Majesty's Government to place our securities on the trustee list, will be realized at once by the House; because, if that were done, it would make a very material saving in our rate of interest.

THE YEAR 1899-1900.

With regard to the year 1899-1900, I am afraid that I cannot approach the making of an estimate of the out-turn with any degree of certainty. The circumstances of this current year have been so exceptional, and the likelihood of their continuance is such, that I can do nothing but deal in very general terms with the year's operations. The Estimates for 1899-1900 have been laid before you, and I do not anticipate that the year will prove less favourable in its results than the current one.

The net increase in the Estimates for 1899-1900 over 1898-99 is \$563,484.99. The main items of increase are interest on public debt, immigration, railways (income and collection), and the government of the Yukon provisional district.

The increase in interest on public debt arises from the retention of the 3 per cent rate of interest on savings bank deposits, and the probable amount to meet new indebtedness.

The increase in the estimate for immigration of \$100,000 speaks for itself. The increase in the railways and canals expenditure arises mainly from the repairs to different canals. The enlarged appropriation for the Yukon provisional district speaks for itself. We are also asking for a larger vote

for militia in order to put our forces on a more efficient footing.

SAVINGS BANK INTEREST.

I have alluded, Sir, in this connection, to the fact that in our Estimates for the current year we include the three per cent rate on the savings bank deposits. In that connection I may remind the House that a year ago it was suggested that we might probably reduce the rate on these deposits from 3 per cent to 2½ per cent, except in the case of the smaller depositors, for whom it was understood we ought to make exceptional provision. I argued then that it ought not to be the policy of the Government of Canada to make money artificially high by paying a rate of interest higher than it would command in the open market. At that time, there was a very evident tendency towards cheaper money, and I thought the probability was that we might be able to make a reduction in the rate with perfect safety. As we had just placed our new issue of securities on a 2½ per cent basis it seemed not unreasonable that we should follow this rate into our savings bank accounts. But the tendency towards cheaper money which appeared to exist at that time was not maintained; the demand for money throughout the world was strong, and we considered that the time was not favourable for reducing the rate below 3 per cent. We have, therefore, in our present estimate included the 3 per cent rate, which adds \$237,500 to the charge for interest as compared with last year's estimate, though it does not represent an actual increase of debt. For the time being, therefore, I have postponed making any reduction, though, of course, leaving myself free, if at any time the market should permit, to make the reduction contemplated. It is not likely at present that that will be done, but if it should at any time become practicable, some provision could be made for allowing the present rate to be continued on the smaller deposits.

TEMPORARY LOAN.

I wish now to call the attention of the House to the fact that in January last we contracted a temporary loan of £500,000 sterling by the discounting of treasury bills, and our anticipation is that on the 1st

July next we shall require to discount a further sum of £500,000 sterling, which will then make our floating debt on that date £1,000,000 sterling in all.

I would remind the House that in the session of 1897 we passed an Act giving us power to borrow \$15,000,000. At that time there were outstanding borrowing powers to the extent of \$8,000,000, so that at the passing of that Act the Government had borrowing powers to the extent of \$23,000,000.

It was the general impression of hon. gentlemen opposite that, in view of the large obligations which were arising, we would speedily require a larger borrowing power. I am glad to say, however, that owing to the buoyancy of our revenues we have been enabled to administer public affairs by the exercise of only a part of the borrowing powers I have mentioned. It will be remembered that the loan we placed on the market in the fall of 1897 was for £2,000,000 sterling, or something less than \$10,000,000. Having regard to our moderation in borrowing at that time, it would not have been surprising if we had been obliged since then to incur large temporary loans; but owing to the steady improvement of our revenues, it was not until January, 1899, that we had occasion to raise any temporary loan.

I have noticed a criticism emanating from our political opponents in connection with that temporary loan to which I ought to make a passing reference. It has been represented that the borrowing of this £500,000 in the month of January was conclusive evidence that the finances of the Dominion were not in that healthy condition which was had alleged. "The Government," said these critics, "pretend that there is a surplus; but how can that be possible when they have to go on the money market and borrow about two and a half millions?"

Among those familiar with our public affairs, no answer to that criticism would be required. But we shall agree, I suppose, that our duty is to have these matters so explained that they will be understood, not only by financiers, but by the general public as well. And no doubt some people were impressed by the criticism that because we had to borrow, therefore we could not have the surplus we claimed. Let me then point

out that there is no connection whatever between a question of a surplus and the question of a temporary loan. It is quite possible that temporary loans may be required, even in the most prosperous years, and reference to the Public Accounts will show that under the administration of our predecessors such loans had sometimes to be obtained even in years when there were handsome surpluses.

There are seasons when the revenue flows rapidly into the treasury and our bank's balance swell to gratifying figures. But there are other seasons when our expenditure not only keeps pace with the income but outruns it. At such times if may be necessary to obtain temporary loans to meet demands. Such a condition would be possible without the expenditure of a dollar on capital account. If the Minister of Finance should begin the year with an absolutely clean sheet, having nothing to provide for but the ordinary service of the year, his first duty would be to go into the money markets and raise a loan. At the very beginning of the year—before receiving a penny of revenue—he would find himself under obligation to provide over \$2,000,000 to pay subsidies to the government of the provinces, which under the British North America Act are paid in advance. Then he would require a considerable sum to meet other demands as they might arise. He could not afford to rely entirely on the receipts from day to day to meet the daily demands. The traditions of the Finance Department recognize about a million and a half dollars as about the lowest sum that should be kept available to respond to the demands from time to time, and no Finance Minister feels comfortable when he finds his balance falling below that sum, as may sometimes happen. It will be seen, therefore, that even in prosperous years that the question of a temporary loan has nothing whatever to do with the question of our surplus, and it is quite possible even in most prosperous years—years of surpluses—that it may be necessary to effect temporary loans to meet temporary conditions.

Mr. FOSTER. Is my hon. friend leaving this matter of the loan? He might give us an idea as to the terms, the interest, &c.

The MINISTER OF FINANCE (Mr. Fielding). The loan was effected by the discounting of treasury bills with the Bank of Montreal at 3½ per cent per annum.

Mr. FOSTER. What was the amount of the balance in the bank on January 1st?

The MINISTER OF FINANCE. I shall be glad to inform my hon. friend later on but have not the figures at hand. At all events the loan was really necessary in order to keep up our balance to the factor of safety as established by the traditions of the Finance Department.

COMPARISON OF DEBT INCREASE.

With regard to the increase in the public debt, it has been very moderate under the present Administration, as will be seen by comparison with the records of previous Administrations.

In 1854 the increase was.....	\$4,501,989 37
1895	6,831,897 61
1896	5,422,505 68
1897	3,041,163 69
1898	2,417,802 45

Showing that the increase in the public debt during the two years of the present Administration has been exceptionally low as compared with its increase in the years in which our predecessors held office.

Mr. FOSTER. I hope that my hon. friend will not omit to mention the abnormal increase in 1896.

The MINISTER OF FINANCE. My hon. friend is quite correct. There was an item of upwards of \$2,900,000, some \$2,400,000 odd if my memory serves me right, for the province of Quebec, which had been originally granted as a railway subsidy and placed to the credit of that province and which it was not at liberty to draw, but by a subsequent Act of Parliament the province was authorized to draw it, and, therefore, it became a part of the debt. I thought, on coming to office, that it should be added to the debt of the country. Therefore it was shown in the amount for the year 1896 and did go to abnormally increase the debt of that year. But if we compare the whole Conservative period of administration with ours, you will find that during their eighteen years of office the Conservative Government increased the debt from year to year on an average of over \$6,000,000 per year against our annual increase of about two and a half million dollars.

DEBT AND SURPLUS.

That there should be any increase of the debt while the accounts show a surplus is

something that some of our opponents profess to be unable to understand. The fact that at the close of the last fiscal year there was a surplus of \$1,722,712 appears to have been much more satisfactory to the public generally than to some of the Government's critics. The statement has frequently been made that there was no surplus, inasmuch as there was a large expenditure on capital account for railway subsidies, which, if added to the ordinary expenditure, would more than wipe out the surplus. This is a favourite line of attack from the Opposition press. It would be a fair criticism if the practice of the Government in past years had been to add such railway and capital charges to the ordinary expenditure before declaring a surplus. But every one who knows anything of the matter is well aware that such has not been the method in the past. We treat these charges in precisely the same manner as our predecessors did. Expenditure for the construction or subsidizing of railways and for the more important works, such as canals, is always charged to capital account. These, being permanent improvements, are regarded as legitimate subjects for increase of the public debt, and only the interest thereon as a proper charge upon the ordinary expenditure of the year. If the ground now taken by the Conservative press is a correct one, then surpluses in Canada have been very rare indeed. The Public Accounts for the two periods of Conservative administration purport to show sixteen surpluses. If we could admit the present Conservative argument to be a fair one, that a surplus does not exist unless the revenue exceeds the expenditure on both ordinary account and capital account, we would be obliged to wipe out fourteen of these surpluses and accuse hon. gentlemen opposite of having, in all these years, cooked their accounts. In the thirty-one years of confederation, there have been only two years in which the receipts exceeded the total expenditure chargeable to both income and capital accounts. But I have no intention of making such a charge against hon. gentlemen opposite. There have been many surpluses in the past; and, perhaps, the most gratifying of all was that of that \$1,720,000 last year, which was brought about by a policy which, at the same time, reduced the rate of taxation under the cus-

toms tariff. I have here a statement of the receipts and expenditure for the Yukon district:

YUKON DISTRICT.

	Expenditure.	Revenue.
1897-98—		
Interior	\$ 81,670 17	\$735,485 09
Customs	6,608 81	310,005 04
Mounted Police	495,777 08	.....
Militia	99,976 09	.....
Public Works	14,000 00	.....
	<hr/>	<hr/>
	\$698,032 06	\$1,045,490 13

1898-99—

Interior	\$218,112 20	\$472,872 40
Customs	19,569 02	322,884 67
Mounted Police	760,000 00	.....
Militia	117,900 09	.....
Public Works	31,000 00	.....
	<hr/>	<hr/>
	\$1,146,581 22	\$795,757 07

This statement shows a balance against the Government on the Yukon account for the present year, but the receipts of the Yukon will likely come in before the 1st July, to more than cover the deficiency, because it is at the close of the fiscal year that we receive a considerable amount of royalty.

TOBACCO.

It will be remembered that, when the increase was made in the tobacco duties, the opinion was expressed by some hon. gentlemen—and not without reason—that tobacco had, perhaps, reached a point at which any addition to the taxation would fail to produce additional revenue. It is always possible, especially with an article of that character, to place your duty at such a figure that you encourage smuggling to an enormous extent, and so obtain no increase of revenue. In view of the difference of opinion—and a very legitimate difference—I have had a statement prepared showing the revenue collected on tobacco of all descriptions for a series of years :

Year.	By Inland Revenue.		
		By Customs.	Total.
		\$ cts.	\$ cts.
1893-94	3,136,053 51	287,703 95	3,423,757 46
1894-95	3,002,709 69	263,392 26	3,266,101 95
1895-96	2,997,852 95	267,245 59	3,265,098 54
1896-97	3,232,731 02	301,001 45	3,533,732 47
1897-98	3,568,554 75	481,048 32	4,049,603 07

It will be seen, therefore, Sir, that, to a very large extent, our revenues have profited by the addition that was made to the taxation of tobacco. I have no doubt, however, that the smuggling of tobacco has, to some extent, been increased; but I think that, with the vigilance of my hon. friends the Minister of Customs (Mr. Paterson) and the Minister of Inland Revenue (Sir Henri Joly de Lotbinière), we may hope that that will not go on to any very large extent.

Mr. FOSTER. If I do not mistake, the hon. gentleman (Mr. Fielding), when he proposed the increase of duty, estimated an increase of nearly a million dollars from tobacco.

The MINISTER OF FINANCE. Yes. The revenue for the year 1897-98 exceeded the average of the four years previous by \$677,430.47. Though we did not get the full million, we did obtain a very large amount; and I think that the difference would be, in part, explained by the fact, that there has been a very considerable displacement of foreign tobacco by the cultivation of the native leaf, which has been carried on to a very large extent. Perhaps, the figures on that question would interest the House. I have here a statement of the production and consumption of tobacco, the product of the Canadian raw leaf:

Year.	Number of Factories	Produced.		Entered for Consumption.	Duty.
		Lbs.	Lbs.		
1893-94.....	10	322,581	302,836	15,141	82
1894-95.....	11	523,347½	472,643	23,632	20
1895-96.....		474,205	463,654	23,182	63
1896-97.....	12	690,141½	726,081	36,304	25
1897-98.....	14	1,949,429	1,887,959	94,398	03
First 9 mos. of 1898-99.....	11	1,502,153½	1,497,498		
+ ½ for balance of year		500,718	492,499		
Probable output, 1898-99.....		2,002,868½	1,969,997		

Mr. FOSTER. Will my hon. friend be kind enough to tell me what the excise on the foreign leaf is?

The MINISTER OF FINANCE. 25 cents on manufactured, plus 10 cents on the leaf,

35 cents. During the past year there have been licensed 11 tobacco manufactories using Canadian leaf, 3 tobacco manufactories using Canadian and foreign mixed; 6 cigar factories using Canadian leaf, and 2 cigar factories using Canadian and foreign leaf mixed. In 1897, there were 2 cigar factories licensed to use Canadian leaf; in 1898, 3 were licensed to use Canadian leaf. There has been a large development of the Canadian tobacco industry, and many persons who, in the course of our tariff investigations, testified that there was no probability of Canadian leaf entering into general consumption, must, I am sure, be quite surprised at the extent to which their anticipations have been proved to be mistaken. Canadian leaf has been improved both in its growth and in its curing, and it is entering largely now into consumption in Canada. There is a side of that question that a Minister of Finance has to treat somewhat seriously, for every pound of that Canadian leaf that is used displaces foreign leaf, which would be a larger source of revenue. But, I suppose, there is a large number of hon. gentlemen in the House who will not attach so much importance to the revenue as a Minister of Finance is obliged to attach to it, and who rejoice in the fact that there has been a very large increase in the growth, production and consumption of native Canadian tobacco.

COMPARISON OF EXPENDITURES.

In view of the change of administration which occurred some two or three years ago, it is but natural that comparisons should be made between the expenditures of the late Government and the expenditures of the present Government. Such comparisons are eminently proper, always provided that they are made on a sound basis and with due regard to new conditions. The expenditure charged to consolidated fund for the year 1896, that is the last year of the late Government, was \$36,949,142.03. Hon. gentlemen opposite have been disposed to claim the expenditure of that year as a proper measure of the requirements of the country, as the proper standard of our expenditures, as a measure of the sum which would have been required to carry on the public affairs of the country if they themselves had been permitted to remain in power. I have had to take exception to that view in the past, and I am obliged to take exception to it here. I think

It must have been quite plain from our past discussions that the expenditure of 1896 is not a fair standard, and if we would reach a fair conclusion by the records of the Government, we may properly see what was the expenditure from year to year. I have here a statement showing the increase for six years, beginning with 1890:

Year.	Expenditure.	Increase.
1889-90	\$35,994,031 47	.....
1890-91	36,343,567 96	349,536 49
1891-92	36,765,894 18	422,326 22
1892-93	36,814,052 90	48,158 72
1893-94	37,585,025 52	770,972 62
1894-95	38,132,005 05	546,979 53

The average increase for the six years is \$427,594.70 per annum. It will be observed that in every year there was an increase. In one year the increase was slight, but in all the other years the increase was very considerable. Can any one, with these figures before him, believe reasonably that that expenditure, which increased year after year to the extent I have mentioned, was going to stop suddenly in the year 1896? Is it not reasonable to suppose, and would not anybody who looked over these figures reach the conclusion, that the apparent reduction in 1896 was only temporary, and effected under conditions necessitating an enlargement of the expenditure in the following year? The figures I have given go far to sustain this view. But there is other evidence of a most conclusive character in the same direction. It is well to remember that the estimates of Parliament are presented in at least three stages. First, we have the main Estimates, usually at an early stage of the session; then, later on, we have the supplementary Estimates. The supplementaries very often contain very considerable sums. Both these books of estimates are submitted usually in advance of the fiscal year, while the old year is still running. Then, at the following session, when the year is well-nigh ended, it is usually discovered that some services have been left unprovided for, and further supplementary Estimates have to be introduced. So that we have these three stages of Estimates whereby appropriation Bills are passed. Now, the Estimates for the year 1897 were prepared in the session of 1896, and submitted to Parliament by my hon. friend the member for York, N.B., (Mr. Foster). Events, into which it is not necessary to enter, pre-

vented the hon. gentleman from carrying through their supply Bills; but the Estimates which they brought down remained on record, and they amounted to \$38,308,548.13. If we make reasonable allowance for sums which would have lapsed, we should still find that the main Estimates for 1897, so prepared and submitted to the House by my predecessor, contemplated an expenditure largely in excess of the total expenditures for 1896. And all the supplementary Estimates had yet to come. These statements, I am sure, will show clearly to the House that the expenditure of 1896 cannot be accepted as a proper standard for comparison. But we have further information respecting the probable expenditure for 1897. I have shown that the main Estimates submitted were \$3,308,548.13. What the Supplementary Estimates for that year would have been if the late Government had remained in power is one of the subjects upon which my hon. friends opposite and myself have occasionally had some discussion. The ex-Minister of Finance has said that these so-called Estimates ought not to be considered, because, he says, no Estimates whatever were agreed to by the Government. Well, under ordinary circumstances, we should be obliged to accept a statement like that coming from the hon. gentleman who had occupied the position of Minister of Finance. But our difficulty is that we cannot accept that statement of my hon. friend without discrediting some of his colleagues and supporters in the House. It is a matter of public notoriety that Government candidates, during the election of 1896, constantly referred to the Estimates which had been prepared and to sums of money which had been arranged for in the Estimates. We have had evidence of that in this House since this Parliament met; we have had hon. gentlemen, incidentally, unconsciously explaining to the House that certain things which were since done by the present Government had been arranged for and provided for in the Estimates of their predecessors. Now, if that was a fact, how can we accept my hon. friend's statement that there were no Estimates agreed to? If I am to accept it, then I am forced to the conclusion, that somebody was trying to play a sharp trick upon the electorate of the country, and the matter may be even worse than that, because it looks as if hon. gentlemen were also trying to play some sharp

tricks upon the members who supported them, and who, no doubt, accepted in good faith the promises that were made. If we are to treat these Supplementary Estimates which were submitted and discussed in this House, and the details of which were given to the House, as bona fide Estimates, and if we are to make allowance for reasonable further Supplementary Estimates, which would be necessary to be brought down some months later, we should be forced to the conclusion that hon. gentlemen opposite contemplated an expenditure, or so estimated, at all events, for the year 1896-97 of about \$42,000,000. Now, of course, let us remember that we do not spend every item of the money that is estimated. For one reason or another, considerable sums of money which are estimated and voted in Parliament, are not spent. If we make a rough calculation in this respect, and, suppose we allow a million for possible reductions and for certain lapses, that would bring us down to the sum of \$41,000,000 as that which the hon. gentlemen, on the basis of these Estimates, must have spent in the year 1897, had they remained in power, whereas, we actually expended in that year

only \$38,349,759. So, if this calculation be anywhere correct—and I admit it can only be a rough calculation—after we have credited hon. gentlemen opposite with lapsed items, the difference in favour of the present Government, in the year 1897, was nearly \$2,500,000. But let me, for the sake of argument, give my hon. friend the benefit of his contention that there were no Estimates agreed upon, and, of course, that necessarily implies that some of the hon. gentlemen who made various statements in letters and on the platform, were not as accurate as they should have been; but we need not dwell upon that. Let us assume that there were no Estimates agreed upon; but let us also assume that there must be Supplementary Estimates, in the natural order of events. What is a fair means of ascertaining the Supplementary Estimates that the hon. gentleman would have been obliged to ask for in 1897? I propose a method of calculation to which, I think, my hon. friends opposite cannot object. I have prepared a statement, showing what the Supplementary Estimates had been for three preceding years, which is as follows:—

Fiscal Year.	Passed in Session of	Amount.	Passed in Session of	Amount.		Total.
						\$ cts.
1892-93	1892	1,494,026 91	1893	1,062,585 04		2,556,611 95
1893-94	1893	1,023,783 62	1894	791,876 99		1,815,660 61
1894-95	1894	1,327,803 31	1895	707,852 61		2,035,655 92
Total for three years						6,407,928 48
Average						2,135,976 16

This statement shows, that, in the three years, from the actual figures of the hon. gentleman's own blue-books, he had Supplementary Estimates to the amount of \$6,407,928.48, and an average per year, in these three years, of \$2,135,176.16. Now, if we take the amount of the Main Estimates submitted to Parliament by him, in the first session of 1896, for the fiscal year 1896-97, \$38,308,548.13, and add the average amount of the Supplementary Estimates for

the preceding three years, \$2,135,976.16, we have a total of \$40,444,520.29, as the least sum which the late Government would have appropriated for the year 1897. But to get at the probable actual expenditure of the year, we must take into account the sums that were usually allowed to lapse. As I have just said, it is not possible to spend every dollar of the moneys that are appropriated. Owing to various causes there are always sums which it is not found conveni-

ent to spend, although Parliament has appropriated the money. To ascertain what deductions should be made for lapses, I again take the average for the three preceding years. The following statement shows the sums estimated, the sums expended and the sums allowed to lapse for the three years, beginning with 1893 :—

	Lapsed.
Estimates for 1892-93.	\$38,479,892 12
Expenditure in 1892-93	36,814,052 90
	<u>\$1,665,839 22</u>
Estimates for 1893-94.	38,365,031 13
Expenditure in 1893-94	37,585,025 52
	<u>780,005 61</u>
Estimates for 1894-95.	39,103,912 71
Expenditure in 1894-95	38,132,005 05
	<u>971,907 66</u>
Total for three years	\$3,417,752 49
Average	\$1,139,250 83

It will be observed that, in the two later years, the lapses are smaller in amount than they were in the earlier one, a fact which indicates that the Estimates were more closely made. But, to give my hon. friend the fullest benefit in the comparison, I take the average of lapsed appropriations for the three years, which I find to be \$1,139,250.83. From the figures obtained in this way I make the following statement :—

Hon. Mr. Foster's Estimates for 1896-97, submitted to the House..	\$38,308,548 13
Add for Supplementary Estimates the average Supplementary Estimates of the preceding three years	<u>2,135,976 16</u>
Total Estimates for the year 1897 would thus have been	40,444,524 29
Deduct the average lapses of three years	<u>1,139,250 83</u>
Balance representing probable Conservative expenditure for 1897..	39,305,273 46
Against the actual expenditure of the present Government of.....	<u>38,349,759 84</u>
Showing a reduction by the present Government of	955,513 62

The tendency of Opposition financial critics, no matter what party may be in power, will always be in the direction of a large measure of confidence in their own ability to cut down expenditures, and it will not always be found possible for a Government to realize all the expectations of its friends in that direction. My hon. friend who now leads the Opposition (Sir Charles Tupper) has had some experience in that line. Towards the close of the session of 1878, on the eve of his appeal to the people, he made a speech in this House, in which he attacked the extravagance of Mr. Mackenzie's Government,

and he made this statement, standing in his place, as an important member of the Opposition of that day in this House. He said he was prepared to carry on the Government of the country with less money than the Hon. Mr. Mackenzie had spent. He said he and his colleagues had proved this by their experience in the past and that they could conduct the business of the country for a smaller expenditure than that which Mr. Mackenzie had taken. We have proved it before, he said, and we are prepared to do it again if we are placed in power.

I have given the quotation from memory, but I am satisfied it is substantially correct, and I shall be glad to give the actual words if they are called for. The hon. gentleman came into power on the strength of that assurance. The expenditure the last year of the Mackenzie Government (1878) was \$23,503,158.25. The leader of the Opposition (Sir Charles Tupper) and his friends came into power and the expenditure, instead of being reduced, was rapidly increased, as follows :—

	Expenditure.
1879	\$24,455,381 56
1880	24,350,634 45
1881	25,502,554 42
1882	27,067,103 58

Therefore, it will be seen that during the first parliamentary term after the Conservatives came into power under the assurance that they would conduct the public business for less money than Mr. Mackenzie had spent, they increased the public expenditure from \$24,500,000 to \$27,067,000. After that the expenditure went up by leaps and bounds, until at last it was more than \$38,000,000. Now, I venture to cite that as a proof that whatever expectations any persons may have as to the kind of government which the country would experience under the leadership of my hon. friend (Sir Charles Tupper), there is one thing certain, and that is, that nobody will ever expect him to carry on a Government of economy.

Perhaps, Sir, the best test, after all, of the degree of expenditure, and the fairest method of comparison, will be one which takes into account the growth of population and the responsibilities and development of the country. No one, I imagine, will suppose that the expenditure of a country like ours, under any Government, can remain at a standstill. As the country increases

in population its needs will correspondingly increase. If the expenditure just keeps pace with the increase of population, or shows a diminution per head of population, there is nothing in it to alarm. If the expenditure per head increases, then there is just ground for criticism, and the increase will have to be justified by some important and urgent outlay. Under the administration of the late Government, not only did the total expenditure increase, but it increased much more rapidly than the population, and consequently the expenditure per head showed an increase. I have here a statement showing the expenditure of Canada chargeable to consolidated fund for all the years from 1867-68 to 1897-98, giving the rate per capita—the population in each year being taken from the census or from the estimates furnished by the Government statistician :

Expenditure of Canada chargeable to consolidated fund for years 1867-68 to 1897-98 ; giving the rate per capita.

Year.	Expenditure Con. Fund.		Population.	Expenditure per Capita.
	\$	cts.		
1868..	13,486,092	96	3,371,594	4 00
1869..	14,038,084	00	3,412,617	4 11
1870..	14,345,509	58	3,454,248	4 15
1871..	15,623,081	72	3,518,411	4 44
1872..	17,589,468	82	3,610,992	4 87
1873..	19,174,647	92	3,668,220	5 23
1874..	23,316,316	75	3,825,305	6 10
1875..	23,713,071	04	3,886,534	6 10
1876..	24,488,372	11	3,949,163	6 20
1877..	23,519,301	77	4,013,271	5 86
1878..	23,503,158	25	4,078,924	5 76
1879..	24,155,381	56	4,116,196	5 90
1880..	24,850,634	45	4,215,389	5 90
1881..	25,502,554	42	4,336,504	5 88
1882..	27,067,103	58	4,383,819	6 18
1883..	28,730,157	45	4,433,363	6 48
1884..	31,107,706	25	4,485,395	6 94
1885..	35,037,060	12	4,538,790	7 72
1886..	39,011,612	26	4,589,414	8 50
1887..	35,657,680	16	4,638,109	7 69
1888..	36,718,494	79	4,688,147	7 84
1889..	36,917,834	76	4,739,617	7 79
1890..	35,994,031	47	4,792,605	7 51
1891..	36,343,567	96	4,846,377	7 50
1892..	36,765,894	18	4,899,273	7 50
1893..	36,814,052	90	4,953,557	7 45
1894..	37,585,025	52	5,009,296	7 50
1895..	38,132,005	05	5,066,562	7 53
1896..	36,949,142	03	5,125,436	7 21
1897..	38,349,759	84	5,185,990	7 39
1898..	38,832,525	70	5,248,315	7 39

It will be seen from this statement that the present Government, while carrying on the ordinary services efficiently, and meeting large new obligations, have kept the expenditure down to 7·39 per head, against 7·53 in 1895. If we leave out the exceptional year 1896, for reasons which I have already given, we find that the expenditure per head under the present Government has been materially lower than it has been at any previous time during the past fourteen years. In view of all the urgent calls upon the treasury, including additional interest charges on account of large expenditure on canals and railways, the opening of the Yukon district and the extension of the Intercolonial Railway to Montreal, it would not have been surprising if we had been obliged to show an increased expenditure per capita, but we have the satisfaction of presenting to the House a statement which shows that while meeting all the demands of Canada's "growing time," we materially reduced the expenditure per head of the population in 1897 and 1898. Sir, we are glad to be able to point out that whatever may happen this year or the next year (concerning which we have not the material yet for making a calculation) we are glad, I say, to be able to point out that for the year 1897-98 our expenditure was only 7·39 per head as against 7·53 in the year 1895.

CONCERNING ECONOMY.

The question of economy is very widely discussed, and I suppose we can all agree as to the desirability of economy, but I am afraid there will not be such a universal agreement and clear understanding as to what economy means. It is very easy for men to advocate economy in classes of expenditure in which they feel they have no particular interest, but it is not so easy for men to favour economy in the case of public works in their own locality, or public works in which they feel interested. A large number of the gentlemen who rise to cry out against this Government in the matter of expenditure, and to call for economy, are among the first to come before the Government and ask that we enter upon large and expensive public works. As a curious example of the Conservative method of treating this question, I note that only a few

days ago the chief organ of the Conservative party contained an article commenting on the Estimates which I had just laid on the Table of the House, the article being designed to show that we are spending far too much. But in the very same column there appeared a leading article complaining that we have not provided half a million dollars for Toronto harbour, and intimating that we shall be expected to do so in the Supplementary Estimates. I have no doubt that Toronto harbour ought to have a liberal expenditure, and if the object of that expenditure is half as good as has been represented by this newspaper, I shall be glad to assist my hon. friend (Mr. Tarte) in doing what is right for Toronto harbour. I think, however, that we shall have to ask some of our Conservative friends to recognize the fact that economy—like charity—should begin at home. If a gentleman of the Conservative party, whether he is in the House or out of it, looking around, sees the need of some particular public work in his own district or county, or some great scheme in which he feels interested, and if he is asking the Government to provide money for that scheme, then we must ask him to be broad-minded enough to remember that there are like public works and schemes in other parts of the country, and, if he expects these things to be done for the development of the country in his own particular district, he must be prepared to have the same things done in other districts, and if necessary in other provinces. The critics, in Parliament and out, who condemn our expenditure as too lavish, and then call upon us to spend money freely in great enterprises, such as fast lines, Pacific cables, railways, canals, harbour improvements and public works of all kinds, can hardly expect to make much of an impression upon the fair-minded people of Canada.

CANADA'S TRADE.

I will give the House briefly a few statistics of Canada's trade—not that they are all new but because they usually are a portion of the Budget speech. I have here a statement showing Canada's foreign trade on the basis of "total exports and imports" for the last five years, which is as follows:—

CANADA'S FOREIGN TRADE FOR FIVE YEARS.

Statement showing Canada's foreign trade on the basis of "Total Imports and Exports" for the last five years:

	Total Exports.	Total Imports.	Total.
1894	\$117,524,949	\$123,474,940	\$240,999,889
1895	113,638,803	110,781,682	224,420,435
1896	121,013,852	118,011,508	239,025,360
1897	137,950,233	119,218,609	257,168,862
1898	164,152,683	140,323,053	304,475,736

I have now a similar statement of our foreign trade for the last five years on the basis of goods entered for consumption and Canadian produce exported, which is as follows:—

Statement showing Canada's foreign trade for the last five years on the basis of "Goods entered for consumption and Canadian produce exported":

	Goods entered for Consumption.	Canadian Produce Exported.	Total.
1894	\$113,993,983	\$104,161,770	\$217,255,753
1895	105,252,511	103,085,012	208,336,523
1896	110,587,480	109,915,337	220,502,817
1897	111,294,021	123,959,883	235,253,859
1898	130,698,006	145,594,385	276,292,391

The following is a statement of goods entered for consumption for the nine months ending March of the following years, made from the monthly returns:—

—				
	1896.	1897.	1898.	1899.
	\$	\$	\$	\$
Dutiable	50,972,796	50,299,935	56,534,679	64,772,507
Free ...	28,915,510	30,249,701	36,505,121	43,939,716
C. & B. .	4,263,988	4,553,388	3,116,081	4,077,693
Total ..	84,152,264	85,103,024	96,155,881	112,790,006
Duty... .	15,463,213	15,169,626	16,585,938	18,751,708

I also give the exports for the nine months of the following years:—

—				
	1896.	1897.	1898.	1899.
	\$	\$	\$	\$
Produce	82,387,098	88,513,890	112,575,032	104,544,707
Not produce...	5,182,349	7,822,895	10,521,046	14,807,944
C. & B. .	4,475,101	3,344,339	4,245,124	3,519,696
Total ..	92,044,548	99,681,124	127,341,202	122,872,347

There is a slight falling off in 1899 as compared with 1898, but in comparison with any previous year the increase is very large; and it is not unlikely that the difference, as compared with 1898, may be made good before the close of the fiscal year.

I wish now briefly to call the attention of the House to the extraordinary growth of the trade of Canada during the past two years. I have here a statement showing the total trade of Canada for several periods—imports and exports, but not including coin and bullion—as follows:—

In 1868	\$121,266,217
1878	171,432,739
1896	229,099,732
1898	295,461,754

The increase in the total trade of Canada from 1878 to 1896, eighteen years, was \$57,666,993. The increase in the total trade of Canada from 1896 to 1898, two years, was \$66,362,022; showing, Mr. Speaker, that in two years under this Liberal Administration, the advent of which to power we were told was to bring ruin and disaster to our country, the total trade of Canada increased more by \$8,695,029 than it did during the eighteen years of the Conservative Government.

INCREASE OF MINERAL WEALTH.

The attention of the world is being drawn more and more to Canada as a mining country. Apart from the precious metals, there is a wealth of other metallic and non-metallic substances the mining of which gives employment to numbers of our people and affords remunerative avenues for the employment of capital. That there has been a very great development of these mineral resources will appear from the tables issued by the Geological Survey, giving the mineral production of Canada for some years back. I give the total values of mineral production from 1890 to 1898:

1890	\$16,763,353
1891	18,976,616
1892	16,628,417
1893	20,035,082
1894	19,933,857
1895	20,758,450
1896	22,584,513
1897	28,661,430
1898	37,757,197

In 1898 there is an increase of over 32 per cent as compared with 1897. Whilst the large increases of late years have, of course, been partly due to the discovery and work-

ing of the rich gold placers of the Yukon, other important mineral industries have also contributed to them and there is every reason to expect a continued rapid growth in many of them for some years to come.

EVIDENCES OF PROSPERITY.

Speaking generally of the business of the past year, I can fairly congratulate the country on having experienced the advantages of marked prosperity and sound progress. On every hand we are met by evidences of expansion, and at the risk of wearying you, Mr. Speaker, I propose to allude to a few of the many directions in which the activity has made itself felt, so that we may measure and compare what has been done in the past year with what has been done in years previous. In banking circles I find a healthy and strong tone pervading the returns coming to us from month to month, and running through the reports presented at the various annual meetings of these financial institutions throughout Canada. It is of interest to note the very striking advance in the aggregate of the deposits of the people in the chartered banks and the two classes of Government savings banks. For the two years 1896-97 and 1897-98, the figures tell their own tale. I give the detail of these deposits for the past eight years:

June 30—	Deposits, Chartered Banks.	Deposits, Gov. Savings Banks.	Total.
1892	\$160,942,773	\$39,529,547	\$200,472,325
1893	170,817,433	41,849,658	212,667,091
1894	174,930,936	43,036,012	217,966,948
1895	180,664,121	44,450,493	225,114,619
1896	183,769,992	46,799,318	230,569,310
1897	201,141,688	48,934,975	250,076,663
1898	227,063,343	50,111,118	277,174,461

On the 31st of March last the total reached \$297,483,152, indicating that the pronounced increase of the last two years in this direction is being more than maintained in the current fiscal year.

That there has been an unusual activity in business generally will be apparent if we look at the returns of the clearing houses throughout Canada. The total clearances in the six cities—Montreal, Toronto, Winnipeg, Halifax, St. John and Hamilton—during the year 1898, reached the aggregate of \$1,390,019,394, as against \$1,174,710,345, during the previous year, or an increase of over \$215,000,000, or over 18 per cent. You will remember that the clearings of the same six

cities in 1897 were over \$125,000,000 in access of those of 1896. So that the year 1898, so far as the clearings reveal it, shows a very much larger volume of business than 1897.

In the case of the city of Montreal, which now, I may say, comes ninth in the list of American cities according to bank clearings, coming immediately after San Francisco, the increase in 1898 over 1897 has been over 21 per cent, and in the city of Toronto the increase has been in the same proportion.

There is another feature of banking business that is of interest to us, and to which I will now refer, that is the note issue. In times of activity there arises a strong demand for currency. From year to year this is specially noticeable at harvest time, and immediately after, when the crops are being moved.

During the past year there has been a continued demand for currency, especially for small notes. At times it has been difficult to keep pace with the demands.

To show the extent of the issue, I give a statement of the circulation of the notes of the chartered banks and of the Dominion notes for the past seven years, taking for the purpose of comparison the 31st of October in each year, when as a rule the demand is greatest :

	Banks.	Government.	Total.
31st Oct.—			
1892	\$33,688,429	\$18,647,063	\$57,335,492
1893	36,906,941	19,844,248	56,751,189
1894	34,516,651	22,212,884	56,729,535
1895	34,671,028	22,893,259	57,564,287
1896	35,955,150	21,607,553	57,562,703
1897	41,580,928	24,751,932	66,332,860
1898	42,643,446	24,315,988	66,959,434

In the case of the Dominion notes of the small denominations, \$1 and \$2, the demand in the fall of the year has been very great, indeed, so much so that my department has at times had difficulty in keeping up with it. The amount of these notes outstanding on the 31st of October in each year for the past seven years is of interest, and I give it, as follows :

1892	.....	\$7,266,569
1893	.....	7,266,937
1894	.....	7,031,368
1895	.....	7,295,368
1896	.....	7,583,712
1897	.....	7,940,520
1898	.....	8,612,602

Closely allied to the banking business is that of insurance. The prosperity of to-day leads the prudent man to think of to-mor-

row, and so we find that the buoyancy in business generally is reflected in the business of life insurance, which is regarded more and more in the light of an investment as well as a provision for a rainy day.

In the life business there is a very pronounced development in the net amount of insurance in force in the straight life companies, as will be seen from the figures of the past eight years :

1891	.....	\$261,475,220
1892	.....	279,110,265
1893	.....	295,622,722
1894	.....	308,161,436
1895	.....	319,257,581
1896	.....	327,800,499
1897	.....	344,012,277
1898	.....	368,517,074

The amount of life insurance effected in Canada in the straight life companies during the same period was :

1891	.....	\$37,866,287
1892	.....	44,620,013
1893	.....	45,202,847
1894	.....	49,525,257
1895	.....	44,341,198
1896	.....	42,624,570
1897	.....	48,267,865
1898	.....	54,270,775

or nearly \$5,000,000 more than in any previous year. These figures do not include insurance on the assessment system.

That the year has been a prosperous one with the traders will appear from the records of failures kept by the commercial agencies. Indeed, in this respect 1898 has the best record we have had for years. The commercial agencies give the total number of failures in Canada in 1898 as 1,300, with liabilities of \$9,821,323, against 1,809 failures with liabilities of \$14,157,498 in the year 1897, or a reduction of 28 per cent in number and 30 per cent in amount as compared with the year 1897. That is the best record for the past thirteen years.

The showing of the principal railroads has been very favourable, notwithstanding the rate war that lasted throughout the greater part of the year. The earnings of the Canadian Pacific Railway increased \$1,973,000, and those of the Grand Trunk Railway \$582,000 over those of the previous year. The figures for these two companies for 1897 and 1898 are :

	C. P. R.	G. T. R.
1897	\$23,822,000
1898	25,795,000

The large street railway companies have experienced an impetus from the improved conditions of the people. Their earnings

show a steady progress. The following table gives the amount of the receipts of these companies in operation from 1894 to 1898 :

	1894.	1895.	1896.	1897.	1898.
	\$	\$	\$	\$	\$
Montreal.	896,090	1,102,777	1,265,898	1,342,367	1,471,909
Toronto...	958,370	992,800	997,273	1,077,612	1,210,613
London...	57,010	56,536	94,194	101,365	113,811
Ottawa...	193,991	203,173	212,105	223,801	231,802
Hamilton.	120,908	121,311	124,537	115,119	121,333
	2,226,371	2,476,600	2,694,009	2,867,167	3,149,504

In the city of Halifax, the receipts of the Halifax Tramway Company for 1897 were \$194,775, and for 1898, \$198,837. In the city of St. John, the receipts of the street railway company were :

For 1896	\$51,748
1897	57,949
1898	64,790

These are some of the features, Mr. Speaker, of the business record of the Dominion. They carry with them the inference that there exists a strong feeling of confidence, not only in the resources of the country, but also in the basis on which its business is founded.

There are other interesting figures of a like character which I am desirous of laying before you. These I have had incorporated into diagrams, copies of which will be placed in your hands. They cover fuller statements of the import and export trade ; the shipping and coasting trade ; the railways and railway traffic ; life and fire insurance ; deposits in chartered banks and savings banks ; discounts of the chartered banks ; and deposits made with loan companies ; and show at a glance the strides that have in recent years been made.

Perhaps, Mr. Speaker, instead of using words of my own to describe the prosperous condition of Canada, I shall do better by quoting the words of others who are in a good position to speak with authority. Of the great development that has taken place in the Yukon gold fields, I need not speak. We have had abundant evidence of that in our recent discussions. As one of the indications of improvement in the North-west, I take this passage from the latest annual report of the Canadian Pacific Railway :

The satisfactory progress which has been made in the settlement of the North-west is evidenced

not only in the largely increased land sales of the company, but in the number of homesteads taken up from Government lands in Manitoba and the territories beyond, which, according to official returns, were 4,848 in 1898, as against 2,406 in 1897.

To show what has been accomplished by the construction of the Crow's Nest Pass Railway, let me quote a recent article from the correspondent of the Montreal "Star" :

Never before in the history of the Canadian North-west did a wave of prosperity at once so sudden and so general, sweep over any portion as completely as did that ushered in by the construction of the Crow's Nest Pass branch of the Canadian Pacific Railway.

Everywhere along its line new towns have sprung up, as mushrooms in a warm shower. The land office and the newspaper led the van, and the settlement and upbuilding of the entire district has been nothing short of phenomenal. Nor are the towns so built carelessly knocked together, to be abandoned the moment the novelty wears away. The line runs, in its entire length, through a country of vast and varied resources ; and while the wild-cat operator may be here to-day and away to-morrow, the fact remains that the natural wealth of the country is such as to demand and abundantly repay years of development, so that all signs point to steady and permanent growth.

The last report of the Board of Trade of the city of Toronto offers abundant evidence of business activity in Ontario and throughout the country. I quote a passage from the address of the retiring president, Mr. Elias Rogers :

Turning to the always interesting subject of inter-Imperial foreign trade, the retrospect was no less agreeable. For the first time in the history of Canada the total imports and exports had exceeded \$300,000,000 in value.

The increase was due in part to the high price of wheat during a portion of the year, and to the large crops of 1897, which permitted heavy exporting. With the single exception of foreign products, however, all classes of exports contributed to the increase. The result was seen in the freedom of importation during the past summer, even before assurance of another good harvest gave added strength to the movement, and in the increasing demand upon our own factories and mills.

How much of the prosperity now to be seen on every side is due to the increase of the export trade must remain a matter of opinion. It may be noticed in passing that until six years ago the exports of Canadian produce never exceeded one hundred millions, and that, as compared with a date so recent as 1896, the exports of 1898 show an increase of thirty-four and a half million dollars.

The greatest increase of late in the volume of free imports give to some extent the measure of the country's industrial development, because the free imports consist largely of raw materials for manufacture.

At the annual meeting of the Montreal Board of Trade, the retiring president, Mr. Charles F. Smith, spoke as follows :—

I think the time opportune to call your attention to this fact, for we are now in the enjoyment of prosperity such as this country has never known, and it is pretty evenly divided throughout Canada. Our railroad extensions are bringing to life new villages—indeed I might say new towns. Our population is steadily increasing, with a development in our agricultural and mining resources, to the importance of which we should be fully alive. Many of the towns on or near the lines of traffic are building elevators, deepening their harbours, or otherwise preparing to share in the profits of handling the produce that is moving eastward. Gentlemen, I believe that we cannot realize the valuable growth of the trade and traffic that must become our portion in the near future.

From an address delivered at the same meeting of the Montreal Board by Mr. James Crathern, one of the oldest members of the board, I read as follows :—

I think to-day I may venture to congratulate this board, that the past year has certainly been to us what may be termed a jubilee year, in connection with the trade and commerce of this country. During the forty-five years in which I have been actively engaged in business as a merchant in this city, I have passed through many seasons of mercantile and financial depression ; but at no time have I known the commercial and financial interests of the country to have been on a sounder or better footing than at present. We have been blessed with a bountiful harvest, and all engaged in commerce and manufacture report a satisfactory volume of business.

While the condition of the country generally is remarkably good, I recognize the fact that in the Lower Provinces they have not shared in that prosperity as fully as have the provinces further west. Nevertheless, we have very encouraging reports from that quarter. I have not at hand a quotation from the St. John Board of Trade meeting, but, from personal knowledge of the community. I am led to believe that the business of the port of St. John was a very encouraging one indeed. They have a good winter port trade, and with the revival of the lumber industry, which is of the utmost importance in New Brunswick, I think we may make up our minds that, in that province, there will be a fair degree of business activity. As to Nova Scotia, I take the following from the annual report of the Halifax Board of Trade :—

The business of the year has been of a fairly satisfactory nature, and although the prosperity which has attended the upper provinces, through abundant crops and high prices, has not been participated in by us to the same extent, we have great cause to be thankful. Our gold mines have yielded a larger return than ever, the production of our coal mines has increased, our fishermen have had their smaller catch largely made up to them by higher prices, our fruit-growers have

been similarly blessed ; our lumbermen, although compelled to accept lower prices than during the previous year, have not done badly ; our new enterprise of pulp manufacture is flourishing, and generally speaking there has been throughout our province a very fair degree of prosperity. Failures have been much fewer in number, and smaller in amount, and we all look forward with confidence to the great future which awaits our province, with its varied interests, many of which are capable of great development.

FOREIGN TRADE—CANADA AND THE UNITED STATES.

Now, I shall ask the attention of the House to a statement respecting the foreign trade of the United States and Canada. I have prepared a table, comparing, in very considerable detail, the foreign trade of Canada and the United States from the time of confederation down to the present moment. Living, as we do, alongside the great republic, it is natural that we should make comparison from time to time between their affairs and ours. I realize, Sir, that the United States, more than any other country, is a self-contained country : it does not need to go beyond its own borders for variety of products so much as does Canada, because it has a greater diversity of soil and climate than we have. Nevertheless, the people of the United States are very anxious to develop a foreign trade ; and many of our American friends would be surprised to know how far behind Canada they are in this respect. The total trade of the United States, imports and exports, exclusive of coin and bullion, in 1898 amounted to \$24.60 per head. For the same year, the corresponding figures for Canada are \$56.29 per head.

Mr. FOSTER. That is foreign trade.

The MINISTER OF FINANCE. I am speaking of foreign trade. And I quite recognize the fact that we must not draw from this too quickly the conclusion that we are more prosperous than our neighbours, because, as I have said, from their natural condition, they do not need to go abroad for so many goods as we. Still, I think the comparison is a very interesting one. It will be seen by the table to which I refer, that in 1868 the total trade of the United States was \$17.29 per head, and thirty years later, in 1898, it had increased to \$24.60 per head, an increase of \$7.31 per head. The total trade of Canada for 1868 was \$35.96 per head, and in 1898, \$56.29 per

head, an increase in thirty years of \$20.33 per head, as against an increase of \$7.31 per head in the United States.

Mr. FOSTER. Does my hon. friend (Mr. Fielding) happen to have the population of both countries in 1868?

The MINISTER OF FINANCE. I have not the figures in the statement before me. The United States domestic exports per head, last year, were \$16.05, while the Canadian exports, during the same year, were \$27.54 per head. Making a comparison for two years, I find the following:—The total trade of the United States for 1896 was \$23.32 per head, and for 1898, \$24.60 per head, an increase in two years of \$1.28 per head. The total trade of Canada for 1896 was \$44.69 per head, and for 1898, \$56.29 per head, an increase in two years of \$11.60 per head for Canada, as against \$1.28 per head for the United States. The total trade of the United States for 1897 was \$24.94 per head, and for 1898, \$24.60 per head, showing a decrease in 1898, as compared with 1897, of 34 cents per head. In the same time the total trade of Canada increased from \$48.01 per head in 1897 to \$56.29 per head in 1898, showing an increase for the year of \$8.28 per head, as against a decrease of 34 cents per head in the United States.

This statement I shall ask the House to allow me to put in "Hansard" for future

reference; it covers many details with which I do not wish to trouble the House.

Mr. FOSTER. I have no objection personally. But I want to call my hon. friend's attention to the fact that I was very strictly kept to the rule. I think it was all nonsense to do it, and I do not propose to ask my hon. friend to do it.

The PRIME MINISTER (Sir Wilfrid Laurier). Not tables.

Mr. FOSTER. If my hon. friend denies that, I shall stand by my demand, that everything be read.

The MINISTER OF FINANCE. I do not deny. I am much obliged to my hon. friend for his suggestion.

Mr. FOSTER. I remember it, time and again.

The MINISTER OF FINANCE. I accept my hon. friend's statement. Last year, I spoke to the editor of "Hansard," and he told me, that, while that was the rule, an exception was made in the case of the Budget speech. However, I accept my hon. friend's statement, and, thanking him for the courtesy he has extended to me, I will put this statement in.

Mr. FOSTER. We will be as generous to you as we can under your difficulties.

COMPARATIVE TRADE STATEMENT OF THE UNITED STATES AND CANADA, *exclusive of Coin & Bullion.*
UNITED STATES.

Year.	Domestic Exports.	Foreign Exports.	Total Exports.	Total Imports.	Total Trade.	Domestic Exports per Capita.	Percentage of increase or decrease of Total Exports.	Percentage of increase or decrease of Total Trade.	Total Trade per Capita.
1867.....	279,786,809	14,719,332	294,506,141	395,761,096	690,267,237	7 73	.....	.....	.....
1868.....	269,389,900	12,562,999	281,952,899	357,436,440	639,389,339	7 29	4 26	7 37	17 29
1869.....	275,166,697	10,951,000	286,117,697	417,506,379	703,624,076	7 29	1 47	10 04	18 63
1870.....	376,616,473	16,155,295	392,771,768	485,958,408	828,730,176	9 77	37 28	16 35	21 49
1871.....	428,398,908	14,421,270	442,820,178	520,223,684	963,043,862	10 83	12 74	16 20	24 34
1872.....	428,487,131	15,690,155	444,177,386	626,595,077	1,070,772,663	10 55	0 30	11 80	26 37
1873.....	505,033,439	17,446,483	522,479,922	642,136,210	1,164,616,132	12 12	17 62	8 76	27 94
1874.....	569,433,421	16,849,619	586,283,040	567,406,342	1,153,689,382	13 31	14 98	0 93	26 95
1875.....	499,284,100	14,158,611	513,442,711	533,005,436	1,046,448,147	11 36	12 42	9 29	23 80
1876.....	525,582,247	14,802,424	540,384,671	460,741,190	1,001,125,861	11 64	5 24	4 33	22 17
1877.....	589,670,224	12,804,996	602,475,220	451,323,126	1,053,798,346	12 72	11 49	5 26	22 73
1878.....	680,709,268	14,156,498	691,865,766	437,051,532	1,131,917,298	11 30	15 33	7 41	23 78
1879.....	698,340,790	12,098,651	710,439,441	445,777,775	1,156,217,216	14 29	2 24	2 14	23 66
1880.....	823,946,353	11,692,305	835,638,658	667,954,746	1,503,593,404	16 43	17 62	3 00	29 97
1881.....	883,925,947	18,451,399	902,377,346	612,661,628	1,545,011,971	17 23	7 98	2 75	30 10
1882.....	733,239,732	17,302,525	750,542,257	724,639,574	1,751,181,831	13 97	16 82	4 52	27 91

COMPARATIVE Trade Statement of the United States and Canada, *exclusive of Coin and Bullion*—Continued.

UNITED STATES.

Year.	Domestic Exports.	Foreign Exports.	Total Exports.	Total Imports.	Total Trade.	Domestic Exports per Capita.	Percentage of in- crease or decrease of Total Exports.	Domestic Exports per Capita.	Percentage of in- crease or decrease of Total Trade.	Total Trade per Capita.
	\$	\$	\$	\$	\$	\$	p. c.	\$	p. c.	\$
1883.....	804,223,632	19,615,770	823,839,402	723,180,914	1,547,020,316	14·98	9·76	4·87	25·2	54·2
1884.....	724,964,852	15,548,757	740,513,609	667,697,693	1,408,211,302	13·20	-10·11	8·97	25·6	54·4
1885.....	726,682,946	15,506,809	742,189,755	577,527,329	1,319,717,084	12·94	0·22	6·28	23·5	53·4
1886.....	665,964,529	13,560,301	679,524,830	635,436,136	1,314,960,966	11·60	8·44	0·36	12·96	52·96
1887.....	703,022,923	13,160,288	716,185,211	692,319,768	1,108,502,979	11·98	5·39	7·11	21·96	51·96
1888.....	683,862,104	12,092,403	695,954,507	723,957,714	1,419,911,621	11·40	2·82	0·81	23·5	51·5
1889.....	730,282,609	12,118,766	742,101,375	745,131,652	1,487,533,027	11·92	2·92	4·76	24·27	52·27
1890.....	845,293,828	12,534,856	857,828,684	789,310,409	1,647,139,093	13·30	15·41	10·72	26·30	53·30
1891.....	872,270,283	12,210,527	884,480,810	844,916,196	1,729,397,006	13·63	3·10	4·99	27·02	52·02
1892.....	1,015,732,011	14,546,137	1,030,278,148	827,402,462	1,857,680,610	15·53	16·48	7·41	28·46	51·46
1893.....	831,030,785	16,634,409	847,665,194	866,400,922	1,714,066,116	12·44	-17·72	7·73	25·68	50·68
1894.....	869,204,937	22,935,635	892,140,572	654,994,622	1,547,135,194	12·73	5·24	9·73	22·66	50·66
1895.....	793,392,599	14,145,566	807,538,165	731,969,965	1,539,508,130	11·37	9·48	0·49	22·07	49·07
1896.....	863,200,459	19,406,451	882,606,938	779,724,674	1,662,321,612	12·11	9·29	7·97	23·32	49·32
1897.....	1,032,007,603	18,985,953	1,050,993,556	764,730,412	1,815,723,368	11·17	19·07	9·22	24·94	49·94
1898.....	1,210,291,913	21,190,417	1,231,482,330	616,049,654	1,847,531,984	16·05	17·17	1·75	24·60	48·60

COMPARATIVE Trade Statement of the United States and Canada, *exclusive of Coin and Bullion*—Continued.

CANADA.

Year.	Exports, produce of Canada.	Exports not the produce of Canada.	Total Exports.	Total Imports.	Total Trade.	Domestic Exports per Capita.	Percentage of in- crease or decrease of Total Exports.	Domestic Exports per Capita.	Percentage of in- crease or decrease of Total Trade.	Total Trade per Capita.
	\$	\$	\$	\$	\$	\$	p.	p. c.	\$	\$
1867.....										
1868.....	48,504,886	4,196,821	52,701,720	68,564,497	121,266,217	14·38				35·96
1869.....	52,400,772	3,855,801	56,256,573	66,167,936	122,424,509	15·35	6·74	0·95	35·87	
1870.....	59,043,590	6,527,622	65,571,212	70,478,810	136,000,022	17·09	16·55	11·13	39·38	
1871.....	57,630,024	9,853,244	67,483,268	93,359,877	160,843,145	16·38	2·91	18·22	45·71	
1872.....	65,885,140	12,744,125	78,629,265	108,676,778	187,306,043	18·24	16·51	16·15	52·14	
1873.....	76,558,025	9,405,910	85,943,935	125,005,816	210,949,751	20·65	9·30	12·62	57·59	
1874.....	76,741,997	10,614,096	87,356,093	123,990,300	211,346,393	20·06	1·61	0·19	55·24	
1875.....	69,709,823	7,137,319	76,847,142	120,860,194	197,707,336	17·92	1·20	6·45	50·87	
1876.....	72,491,437	7,234,961	79,726,398	90,990,235	170,716,633	18·35	3·74	13·65	43·22	
1877.....	68,030,546	7,111,108	75,141,654	97,153,873	172,295,527	16·95	5·75	6·92	42·93	
1878.....	67,989,023	11,165,655	79,154,678	92,278,061	171,432,739	16·66	5·34	0·50	42·02	
1879.....	62,481,025	8,355,644	70,786,699	80,325,338	151,112,007	15·05	10·57	11·85	36·44	
1880.....	72,899,697	13,240,066	86,139,703	84,607,949	170,747,643	17·29	21·69	12·99	40·50	
1881.....	83,944,701	13,375,117	97,319,818	104,207,565	201,527,383	19·35	12·96	18·02	46·47	
1882.....	94,137,657	7,628,453	101,766,110	117,915,757	219,681,867	21·47	1·56	9·00	50·11	
1883.....	87,702,431	9,751,773	97,454,204	130,978,499	228,432,703	19·78	4·23	3·98	51·52	
1884.....	79,833,098	9,389,106	89,222,204	114,189,377	203,411,581	17·79	8·44	10·95	45·34	
1885.....	79,131,735	8,079,646	87,211,381	105,987,242	193,198,623	17·43	2·25	12·56		
1886.....	77,756,704	7,438,079	85,194,783	100,814,001	186,008,787	16·94	3·31	3·72	10·53	
1887.....	80,960,909	8,549,333	89,510,242	112,360,018	201,870,260	17·45	5·07	3·42	43·52	

COMPARATIVE Trade Statement of the United States and Canada, *exclusive of Coin and Bullion*—Continued.

CANADA.

Year.	Exports, produce of Canada.	Exports not the produce of Canada.	Total Exports.	Total Imports.	Total Trade.	Domestic Exports per Capita.	Percentage of in- crease or de- crease of Total Exports.	Percentage of in- crease or de- crease of Total Trade.	Total Trade per Capita.
	\$	\$	\$	\$	\$	p. c.	p. c.	\$	
1867.									
1888.....	81,382,072	8,803,394	90,185,466	108,719,158	198,904,624	17·36	0·75	1·46	42·42
1889.....	80,272,456	6,938,455	87,210,911	114,649,680	201,860,591	16·93	3·29	1·48	42·59
1890.....	85,257,586	9,051,781	94,309,367	120,775,230	215,084,597	17·78	8·14	6·55	41·87
1891.....	88,671,738	8,798,631	97,470,369	118,156,468	215,626,837	18·29	3·35	0·24	44·49
1892.....	99,032,466	13,121,791	112,154,257	125,587,538	237,741,795	20·21	15·06	10·26	48·52
1893.....	105,488,798	8,941,856	114,430,654	122,540,068	236,970,722	21·29	2·02	0·32	47·83
1894.....	103,851,764	11,833,805	115,685,569	119,481,868	235,137,437	20·73	1·09	0·77	46·94
1895.....	102,828,441	6,485,048	109,313,484	106,205,062	215,518,546	20·29	5·50	8·34	42·53
1896.....	109,707,805	6,606,738	116,314,543	112,785,189	229,099,732	21·40	6·40	6·30	44·69
1897.....	123,632,540	10,825,163	134,457,703	114,542,415	249,000,118	23·83	15·39	8·66	48·01
1898.....	144,548,662	14,980,883	159,529,545	135,932,209	295,461,754	27·54	18·64	8·65	56·29

WEST INDIA TRADE.

The MINISTER OF FINANCE. My hon. friend must see that the presentation of these interesting statements must be a matter of exceeding difficulty. In the Budget of a year ago we extended the benefit of the preferential tariff to the British West Indies (including British Guiana). This step on the part of Canada was received with great satisfaction by the press and people of the West Indies. Some improvement in our trade with these islands has already been accomplished, and we have ground for hoping for further extension, although there are certain conditions respecting the United States tariff which tend to check the growth of trade with Canada. Our West India trade has not been in a healthy condition for several years. Our imports from the British West Indies had been steadily declining. In the year ending 30th June, 1898, before the preferential tariff came into operation as respects the West Indies, our imports from these islands were a little more than half what they were in 1897. Our exports to the British West Indies also showed a steady falling off. The situation was such that but for the preferential tariff our trade with those islands would have been almost destroyed. While the trade is still far from what it should be,

I am hopeful that when we have the statistics of the present year, which will include 11 months of the preferential tariff, we shall be able to show a very decided improvement as compared with the year before the preferential tariff began. Our imports of sugar from the British West Indies (including British Guiana) for the six months ending 31st December, 1898, were :

	Lbs.	Value.
Six months, 1898.....	9,049,020	\$161,901
Six months, 1897.....	6,245,924	124,804
Increase	2,803,096	\$37,097

There is a feature of the United States tariff which tends to encourage trade between the West Indies and that country, and which to some extent, balances the preference we have extended to the West Indies. I know that when we extended a preference rate to the West Indies there was a disposition in some quarters to criticise us for giving a preference when we were getting nothing in return. But I am afraid that the advantage to our West India friends which we intended them to have, is not as great as some persons imagined. We give a preference of 25 per cent on sugar coming from the West Indies, and the United States, though they have not a preference in the same form, actually give a preference on cane sugar over beet sugar, which is more

than 25 per cent; in fact in some instances it may be as high as 35 per cent, and possibly more. They do this by a system of countervailing duties. They levy the ordinary tariff on beet sugars which come into the United States; then, in addition, they have a provision in their tariff that wherever any sugar comes from what is called a bounty-fed country, then that sugar shall pay, in addition to the stated ordinary duty, an additional duty equal to the amount of the bounty which is paid by the Government of the country from which the sugar is exported. Now, as beet root sugars of the continent are all bounty-fed sugars, they are subject to this additional countervailing duty in the markets of the United States, and the difference thus made between the cane sugar which comes from the West Indies and the beet sugar which comes largely from the continent of Europe, amounts, as I said a moment ago, to fully 25 per cent, and indeed in some cases to a considerable more. Therefore, there is a great demand in the United States for cane sugar. There are strong inducements on the part of the American refiner to buy cane sugar, because he can enter it at a duty very much less than beet sugar. Whether we can do any large amount of trade with the West Indies, even under our present preferential tariff, is a question which, I frankly say, is open to some debate, and we may have to consider, if we desire further to encourage our West India trade, whether we can not devise some other methods of doing it. For the present, I think the figures of the present year show a considerable increase in our West India trade, but I am afraid we cannot look for any great increase while the United States tariff stands in the position to which I have referred.

In this connection my attention has been called to a fact which is very interesting indeed. It will be remembered that attention has been drawn to the fact, both in the press and in the House, that one result of the arrangements recently made between the United States and Porto Rico was to place Canadian shipping at a decided disadvantage. A considerable proportion of the shipping of our maritime provinces, and possibly some from the St. Lawrence also, carried the products of Canada out to Porto Rico, then loaded with sugar and carried the sugar back to ports of the United States.

Under the changed condition of affairs whereby Porto Rico becomes virtually part of the United States—at all events it is so treated—that at once became a coasting trade, and under the coasting laws of the United States our ships were no longer permitted to take sugars or any other products from Porto Rico and land them in the United States ports. It was a matter of considerable embarrassment to our shipping interests, and though I do not know that we could have expected anything else, still it was a very regrettable arrangement, and one that we were particularly anxious to have modified if possible. I am glad to be able to say that from information now received, orders have been sent by the U. S. War Department to the general commanding in Porto Rico to permit all vessels, American or foreign, to load and clear for the United States. This is information which comes to us from the Foreign Office. I understand, of course, that they always had the right to go to a foreign port; the difficulty was that they had no right to go to a United States port, but they can now clear from Porto Rico for the United States.

TARIFF REDUCTIONS—ACT OF 1897.

The extent of the tariff reductions made by our Act of 1897 has been the subject of much discussion in Parliament and in the press. The positions assumed on this question by hon. gentlemen opposite from time to time have been strangely inconsistent. When the new tariff was brought down nobody doubted that the reductions were numerous and important. The fact that there was a sharp reduction on a great many items all along the line was recognized by hon. gentlemen opposite and by their press. If it were necessary I could quote abundant proof of that fact, and if the accuracy of my statement is called in question, some of these quotations will be given before the debate closes. It is enough for my present purpose to say that hon. gentlemen opposite and their press have recognized that we made a great many important reductions. Indeed the charge was made against us that our reductions were of such a character that we would paralyze the industries of the country. The opponents of the Government either believed or hoped that under the change of tariff policy the business interests of the country would suffer, and so they

were prepared to condemn the Government roundly for the reductions that were made. But their expectations or hopes in this direction were doomed to disappointment. The Liberals claimed that under a policy of tariff reform the business interests of the country would be benefited, not injured. Time proved the correctness of their views. In almost every branch of industry the settlement of the tariff question was followed by a revival of business. Trade, commerce and even manufactures flourished as never before. Then, finding that all their predictions as to the disaster which was to follow under a Liberal Administration had proved unwarranted, our opponents quickly swung round to the other side of the question, and took the ground that we had made no tariff reductions, and that the old so-called National Policy was still in force. This appears to be the last attitude of the Conservative party, and, therefore, I propose to devote a little attention to it. How a tariff in which, by their own admission, the duties in many lines had been cut unsparingly, could still be described as the old National Policy, is one of the things that an independent observer will have much difficulty in understanding. The facts and figures show conclusively that the old National Policy has not been continued, but that under a Liberal Administration a very large and substantial measure of tariff reform has already been accomplished. I shall invite the attention of the House to some of the evidences of this tariff reduction.

Our method of tariff reform involved the taking of three steps, two of them at the beginning and one at a later stage. In the first place, we prepared what we called a general tariff in which large reductions from the old tariff were made. Then we made our preferential tariff, whereby we provided that, as compared with the general tariff, there should be a reduction of one-eighth of the duty in favour of British imports. And we made a further provision that, after the lapse of a little more than a year, there should be a further reduction of one-eighth, so that at the end of that time the duties on British goods would be one-fourth less than the duties on other goods. In the making of our general tariff, there were a few cases in which the duties were increased. In nearly every one of these, however, it will be found that when you

apply the preferential rate, you have these duties lower now than they were under the old tariff. As the effort has been made to lead the public to believe that our reduction of tariff burdens was confined entirely to the preferential rate, I think it is important that the error of this view should be clearly pointed out. The preferential tariff was a most important and valuable feature of our tariff reform. But apart altogether from that, there was a large degree of relief from burdens in the form of reductions made in the general tariff, and of goods which were formerly dutiable and were transferred to the free list.

I have here a statement showing articles now in the free list of the tariff which were dutiable under the old tariff, and showing also the rates of duty imposed under the old tariff. These lists have been made by the officials of the Customs Department and they are guaranteed to be correct. I hope my hon. friend will consent to my putting them in without reading.

Mr. FOSTER. Well, I cannot do that, not because I do not want to be quite generous, but we have to reply to that statement, and we cannot reply to a thing which is not read.

The MINISTER OF FINANCE. I will give it to my hon. friend with permission to put it in the "Hansard" afterwards.

Mr. FOSTER. My hon. friend will have to read this, too.

The MINISTER OF FINANCE. I do not object, but these statements are rather long and tedious.

STATEMENT showing articles now on the free list of the tariff which were dutiable under the tariff in force when the Liberal Government came into power, with the rates of duty then imposed.

Articles transferred to free list.	Former Rates of Duty.
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Degras, oleostearine. (This was formerly free for the manufacture of leather only).....	20 p. c. ad valorem.
Florist stock, as follows:—	
Corms, tubors, rhizomes, arum spiræa.....	20 p. c. "
Indian corn.....	7 <i>1</i> / ₂ cts. per bush.
Seed beans from Britain.....	15 cts. "
Rape seed—sowing.....	10 p. c. ad valorem.
Mushroom spawn.....	20 p. c. "
Artificial limbs.....	20 p. c. "

Mr. FOSTER. Is that a heavy importation?

The MINISTER OF FINANCE. No, many of these items are not heavy, but they were regarded as very important to be put on the free list nevertheless. Of course, I could have selected only the heavy items, but I have taken them all fairly, big and little.

Articles transferred to free list.	Former Rates of Duty.
Asphaltum or asphalt, refined.....	20 p. c. ad valorem.
Binder twine.....	12½ p. c. "
Articles for manufacture of binder twine	Varying according to material. 35 p. c. ad valorem.
Religious tracts.....	6 cts. per lb.
Books for the use of libraries of schools, or for the library of any incorporated, medical, literary, scientific or art association or society.....	20 p. c. and 22½ p. c. according to ma- terial
Books on the application of science to industries of all kinds, includ- ing books on agriculture, horti- culture, forestry, fish and fishing, mining, metallurgy, archi- tecture, electric and other engineering, carpentry, shipbuild- ing, mechanism, dyeing, bleach- ing, tanning, weaving and other mechanic arts, and similar industrial books.....	6 cts. per lb.
Canvas or fabric, not frictionized, for the manufacture of bicycle tires, imported by manufac- turers of bicycles for use exclusively in the manufacture of bicycle tires in their own factories	20 p. c. and 22½ p. c. according to ma- terial
Clay crucibles	20 p. c. ad valorem.
Cyanogen or compound of Bro- mine and Potassium for reduc- ing metals in mining operations	20 p. c. "
Quebracho.....	20 p. c. "
Extracts of nut galls.....	20 p. c.
Fashion plates—Tailors', mil- liners' and mantlemakers'.....	6 cts. per lb. and 20 p. c.
Head ropes (fishermen's).....	1½ cts. per lb. and 10 p. c.
Jute and hemp yarn for hammocks	20 p. c. ad valorem.
Life boats and life saving appa- ratus. (When specially import- ed by societies established to encourage the saving of human life.....	25 p. c. "
Brass, in strips, not polished, planished or coated	30 p. c. "
Copper, in strips, not polished, planished or coated	30 p. c. "
Brass trimmlngs for bedsteads, when imported for the manu- facture of same	30 p. c. "
Cream separators	27½ p. c. "
Cable chains.....	5 p. c. "

Articles transferred to free list.	Former Rates of Duty.
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Wrought iron tubing, butt or lap- welded, threaded or coupled or not, not less than 2½ inches dia- meter, when imported for use exclusively in mining, smelting reducing or refining.....	15 p. c. ad valorem.
Platinum, in bars, strips or plates	20 p. c. "
Sewing machine attachments.....	30 p. c. "
Steel, No. 12 gauge and thinner, but not thinner than No. 30 for the manufacture of bed fasts and furniture castors, when im- ported by the manufacturers of such articles for use exclusively in the manufacture thereof in their own factories.....	12 to 16 gauge, \$10 per ton. 17 gauge and thinner, 5 p. c. ad valorem.
Steel, for the manufacture of bi- cycle chain, when imported by the manufacturers of bicycle chain for use in the manufacture thereof in their own factories..	\$10 per ton.
Steel for the manufacture of axes, hatchets, scythes, reaping books, hoes, hand rakes, hay or straw knives, windmills, and agricul- tural or harvesting forks, when imported by the manufacturers of such articles for use exclu- sively in the manufacture there- of in their own factories.....	\$10 per ton.
Steel springs for the manufacture of surgical trusses, when im- ported by the manufacturers of trusses for use exclusively in the manufacture thereof in their own factories.....	1 ct. per lb. and 20 p.c. ad valorem.
Flat spring steel, steel billets and steel axle bars, when imported by manufacturers of carriage springs and carriage axles for use exclusively in the manufac- ture of springs and axles for carriages or vehicles other than railway or tramway, in their own factories.....	Flat spring steel and steel bars, \$10 per ton; bil- lets, \$5 per ton.
Spiralsprings steel for spiral springs for railways, when imported by the manufacturers of railway springs for use exclusively in the manufacture of railway spiral springs in their own fac- tories.....	\$10 per ton.
Stereotypes, electrotypes and cel- luloids of newspaper columns in any language other than French and English.....	cts. per sq. in.
Barbed fencing wire of iron and steel.....	¾ cts. per lb.
Wire of zinc, screwed or twisted, or flattened and corrugated, for use in connection with nailing machines for the manufac- ture of boots and shoes.....	25 p. c. ad valorem.
Galvanized iron or steel wire, No. 9, 12 and 13 gauge	20 p. c. and 25 p. c., according to pur- pose used.
Philosophical instruments and apparatus, such as are not man- ufactured in Canada, when im- ported for use in public hos- pitals.....	25 p. c. ad valorem.
Photographs, not exceeding three sent by friends and not for pur- pose of sale	20

Articles transferred to free list.	Former Rates of Duty.
Rubber, powdered	20 p.c. ad valorem.
Surgical and dental instruments and surgical needles	15 "
Books—donations of, for charita- ble purposes	6 cts. per lb.
Specimens, models and wall dia- grams, for illustrations of natural history, for universities and public museums..... Dutiable according to material.	
Astrachan or Russian hair skins and China goat plate or rugs, wholly or partially dressed but not dyed	15 p.c.

This is a large list of items, some of which go directly into general consumption, such articles as corn, barbed wire, binder twine, &c., but many of these articles are the raw material used by the manufacturer, and the cheaper raw material which is furnished to the manufacturers has been the secret, to a very large degree, of the manufacturing prosperity which Canada is now enjoying.

Mr. McNEILL. Does this statement say that these goods are now free?

The MINISTER OF FINANCE. These are now free, and I gave the duty that they formerly bore.

Mr. FOSTER. Is it not a fact that a large number of these articles could, by Order in Council, be admitted free for the use of manufacturers?

The MINISTER OF FINANCE. That may be so: I have received the statement from the Customs Department. I will have that matter looked into, and, if it is so, I

will have that correction made. The hon. Minister of Customs says that some were subject to Order in Council, and to that extent this list should be modified, and I will see that it is done.*

Besides this transfer of goods from the dutiable to the free list, that were, as I have said, important reductions in the general tariff. I shall now submit a statement giving a list of the dutiable goods upon which the duty under the present general tariff is lower than it was under the old tariff and giving also the respective rates under the two tariffs. It is to be noted carefully that the rate of duty on all such articles is reduced still further by one-fourth under the preferential tariff. I hope the hon. gentleman (Mr. Foster) will consent that I should put these items in. I will send the statement across to him and he can have the privilege of taking it home and studying it.

Some hon. MEMBERS. Read, read.

The MINISTER OF FINANCE. In the statement which I am now about to read, it should be noted that if any of these articles come in from Great Britain the present rate of duty is further decreased to the extent of the preferential tariff. These rates of duty which I shall read have no reference to the preferential tariff at all, but the statement is entirely a comparison of the present general tariff with the old tariff, and, as I have said, the present general rate of duty is to be further reduced to the extent of the British preferential rate on goods coming from that country.

STATEMENT giving a List of Dutiable Goods upon which the Duty under the present General Tariff is lower than it was under the Old Tariff, and giving also the respective Rates under the two Tariffs. The rate given as "present rate" is subject to 25 per cent reduction under the preferential tariff.

	Old Rate.	Present Rate.
Belts, surgical, and trusses, electric belts, pessaries and suspensory bandages of all kinds.....	25 per cent.....	20 per cent.
Books, printed; periodicals, and pamphlets, n.e.s.....	6c. per lb., equivalent to 18 $\frac{1}{2}$ p. c. ad val. computed on basis of 1896 imports	10 per cent.
Posters, advertising bills and folders.....	15c. per lb. and 25 per cent.....	15c. per lb.

*Note.—Subsequent inquiry showed that the statement supplied by the Customs Department and used by Mr. Fielding was correct.

Old Rate.

Present Rate.

	Old Rate.	Present Rate.
Labels for cigar boxes, fruit, vegetable, meat, fish, confectionery, and other goods; also shipping, price or other tags, tickets or labels; and railroad or other tickets, whether lithographed or printed or partly printed, n.e.s.	15c. per lb. and 25 per cent, equivalent to 46 per cent ad val. computed on basis of 1896 imports.	35 per cent.
Breadstuffs—		
Wheat	15c. per bushel	12c. per bushel
Indian or corn meal	40c. per bbl	25c. per bbl.
Wheat flour	75 "	60c. "
Cane, reed, or rattan, split or otherwise manufactured, n. o. p.	17½	15
Carriages—		
Buggies and carriages, pleasure carts and similar vehicles, n. e. s.	Costing not more than \$50, \$5 each and 25 per cent	35 "
Sleighs	30 per cent	25 "
Tower clocks	30 "	25 "
Coal, bituminous	60c. per ton	53c. per ton.
Collars of cotton or linen, xylonite, xyloite or celluloid	24c. per doz. and 25 per cent, equivalent to 52 per cent computed on basis of 1896 imports.	35 per cent.
Cordage, n. e. s.	1¼c. per lb. and 10 per cent, equivalent to 28 per cent computed on basis of 1896 imports.	25 per cent.
Corset clasps, busks, blanks and steels, and corset wires, tipped or untipped	5c. per lb. and 20 per cent, equivalent to 37 per cent computed on basis of 1896 imports.	35 "
Cotton—		
Embroideries, white	30 per cent.	25 "
Duck, white	25 "	22½ "
Jeans, coutilles and sateens, imported by corset and dress stay makers for use in their own factories	25 "	20 "
Sheets	32½ "	30 "
Shirts of cotton, costing more than \$3 per dozen	\$1 per doz. and 25 per cent, equivalent to 37 per cent ad val. computed on basis of 1896 imports	35 "
Socks and stockings	10c. per doz. pairs, and 35 p. cent	35 "
Cuffs of cotton, linen, xylonite, xyloite or celluloid	4c. per pair and 25 per cent, equivalent to 59 per cent ad val. based on 1896 imports	35 "
Drugs, etc.—		
Glycerine imported by manufacturers of explosives for use in the manufacture thereof in their own factories.	20 per cent	10 "
Proprietary medicines, liquid, not containing alcohol	50 "	25 "
Sulphuric ether	5c. per lb.	25 "
Solutions of peroxides of hydrogen	50 per cent	25 "
Earthen and Chinaware—		
Demijohns, churns or crocks	3c. per gall. holding capacity, equivalent to 38 per cent ad val. based on 1896 imports	30 "
Electric light carbons and carbon points	\$2.50 per 1,000, length 12 inches, equivalent to 44 per cent based on 1896 imports	35 "
Electric light carbons over six inches in circumference	25 per cent	15 "
Insulators of all kinds	30 "	25 "
Gunpowder and other Explosives—		
Giant powder, nitre and other explosives	4c. per lb.	3c. per lb.
Nitro-glycerine	4c. per lb.	3c. "
Gun or pistol covers or cases, game bags	32½ per cent.	30 per cent.
Loading tools	35 "	30 "
Gutta percha and India-rubber, manufactures of—		
Boots and shoes, with cloth uppers	30 "	25 "
Belting	32½ "	25 "
Agricultural Implements—		
Farm, road or field rollers	35 "	25 "
Forks, pronged	35 "	25 "
Hay tedders	35 "	25 "
Hoes	35 "	25 "
Knives, hay or straw	35 "	25 "
Knives, edging	35 "	25 "
Manure spreaders	25 "	20 "

Old Rate. Present Rate.

Agricultural Implements—Concluded.

Post hole diggers.....	35 per cent.....	25 per cent.
Potato diggers.....	35 "	25 "
Rakes, n.e.s.....	35 "	25 "
Scythes and snaths, sickles or reaping hooks.....	35 "	25 "
Spades and shovels and spade and shovel blanks and iron or steel cut to shape for same.....	50c. per doz. and 25 p.c., equiva- lent to 38 p.c. based on 1896 imports.....	35 "
All other agricultural implements, n.e.s.....	35 per cent.....	25 "
Cart or wagon skeins or boxes.....	32½ "	30 "
Bar iron or steel, rolled, whether in coils, bundles, rods or bars, comprising rounds, ovals, squares and flats, and rolled shapes, n.o.p.....	\$10 per ton.....	\$7 per ton.
Butts and hinges, n.e.s.....	32½ per cent.....	30 "
Cast iron pipe of every description.....	\$10 p. ton, but not less than 35 p.c.....	\$8 "
Cast scrap iron.....	\$4 per ton.....	\$2.50 per ton.
Chain, malleable sprocket or link belting for binders.....	27½ per cent.....	20 per cent.
Tacks, shoe, equivalent to 52 p.c. based on 1896 imports.....	{ $\frac{1}{2}$ ounce to 4 ounces to 1000, one cent per thou- sand.....	35 "
Steam engines and boilers.....	27½ per cent.....	25 "
Fittings, iron or steel for iron or steel pipe.....	35 "	30 "
Forgings of iron or steel of whatever shape or size or in whatever stage of manufacture, n.e.s.....	35 per cent, but not less than \$15 per ton.....	30 per ton.
Steel shafting, turned, compressed or polished; and hammered iron or steel bars or shapes, n.o.p.....	\$10 per ton and $\frac{1}{2}$ c. per lb. addition- al, estimated equivalent to 35p.c 30	"
Hardware, namely,—		
Builders', cabinetmakers', upholsterers', harness makers', saddlers', and carriage hardware, including curry combs.....	32½ per cent.....	30 "
Iron or steel ingots, cogged ingots, blooms, slabs, billets, puddled bars and loops and other forms, n.o.p., less finished than iron or steel bars but more advanced than pig iron, except castings.....	\$5 per ton.....	\$2 per ton.
Iron in pigs.....	\$4 "	\$2.50 per ton.
Iron in pigs, (charcoal).....	\$4 "	\$2.50 "
Iron in kentledge.....	\$4 "	\$2.50 "
Locks of all kinds.....	32½ per cent.....	30 per cent.
Machines and Machinery—		
Fanning mills.....	35 "	25 "
Graincrushers.....	35 "	25 "
Windmills.....	30 "	25 "
Ore crushers and rock crushers, stamp mills, cornish and belted rolls, rock drills, air compressors, cranes and derricks and percussion coal cutters.....	27½ "	25 "
Fodders or feed cutters.....	35 per cent.....	25 per cent.
Horse powers.....	30 "	25 "
Portable engine.....	30 "	25 "
Portable saw mills and planing mills.....	30 "	25 "
Threshers and separators.....	30 "	25 "
All other portable machines.....	30 "	25 "
Slat machines.....	27½ "	25 "
Typewriting machines.....	27½ "	25 "
All other machinery, composed wholly or in part of iron or steel, n.o.p.....	27½ "	25 "
Nails and spikes, cut, and railway spikes.....	$\frac{3}{2}$ c. per lb.....	$\frac{1}{2}$ c. per lb.
Nails, wire, all kinds, n.o.p.....	1c. "	$\frac{1}{2}$ c. "
Mould boards or shares or plough plates, land sides and other plates for agricultural implements, cut to shape from rolled plates of steel but not moulded, punched, polished or otherwise manufactured, when costing 4c. per lb. and under.....	20 per cent.....	5 per cent.
Pumps.....	30 "	25 "
Railway fish plates and tie plates.....	\$10 per ton.....	\$8 per ton.
Rolled iron or steel angles, tees, beams, channels, joists, girders, zees, stars or rolled shapes, or trough, bridge, building or structural rolled sections or shapes, not punched, drilled or further manufactured than rolled, n.e.s., and flat eye bar blanks, not punched or drilled.....	12½ per cent.....	10 per cent.
Rolled iron or steel hoop, band, scroll or strip, eight inches or less in width, No. 18 gauge and thicker, n.e.s.	\$10 per ton.....	\$7 per ton.

Old Rate.	Present Rate.

Machines and Machinery—Continued.

Rolled iron or steel angles and channels, weighing less than 35 lbs. per lineal yard, not punched, drilled, or further manufactured than rolled, n.o.p....	35 per cent, but not less than \$10 per ton.....	\$7 per ton.
Rolled iron or steel plates or sheets, sheared or unsheared and skelp iron or steel, sheared or rolled in grooves, n.e.s.....	\$10 per ton.....	\$7 per ton.
Rolled iron or steel plates not less than 30 inches in width and not less than $\frac{1}{2}$ -inch in thickness, n.o.p....	$12\frac{1}{2}$ per cent.....	10 per cent.
Rolls of chilled iron or steel.....	35 ".....	30 "
Skates of all kinds and parts thereof.....	10c. per pair and 30 per cent, equivalent to 57 per cent ad val. based on 1896 imports.....	35 "
Skelp iron or steel, sheared or rolled in grooves, imported by manufacturers of wrought iron or steel pipe for use only in the manufacture of wrought iron or steel pipe in their own factories.....	\$10 per ton, equivalent to 54 per cent ad val.....	5 "
Stoves of all kinds and parts thereof, n.e.s.....	$27\frac{1}{2}$ per cent.....	25 "
Stove plates and sad or smoothing hatters' and tailors' irons, plated wholly or in part or not.....	$27\frac{1}{2}$ ".....	25 "
Boiler tubes of wrought iron or steel, including flues and corrugated tubes for marine boilers.....	7 $\frac{1}{2}$ per cent.....	5 per cent.
Tubes or rolled steel, seamless, not jointed or welded, not more than $1\frac{1}{2}$ inches in diameter.....	15 ".....	10 "
Tubes, seamless steel for bicycles.....	15 ".....	10 "
Enamelled iron or steel ware, n.e.s.....	35 ".....	30 "
Wire fencing woven and wire fencing of iron or steel, n.e.s.....	$27\frac{1}{2}$ ".....	15 "
Buckthorn strip.....	3c. per lb.....	15 "
Wire of all kinds, n.o.p.....	25 per cent.....	20 "
Wire, stranded or twisted, clothes-line, picture or other twisted wire.....	$27\frac{1}{2}$ ".....	25 "
Iron or steel scrap, wrought, being waste or refuse, including punchings, cuttings, and clippings of iron or steel, plates or sheets having been in actual use; crop ends of tin plate bars, blooms and rails, the same not having been in actual use.....	\$4 per ton.....	\$1 per ton.
Table cutlery of all kinds, n.o.p.....	$32\frac{1}{2}$ per cent.....	30 per cent.
Steel plate, universal mill or rolled edge, bridge plates imported by manufacturers of bridges.....	$12\frac{1}{2}$ ".....	10 "
Steel in bars, sheets or plates, thicker than 17 gauge, when of greater value than 2 $\frac{1}{2}$ c. per lb.....	\$10 per ton.....	5 "
Steel in hoops, scrolls or strips, 18 gauge and thicker, when of greater value than 2 $\frac{1}{2}$ c. per lb.....	\$10 ".....	5 "
Adzes, cleavers, hatchets, hammers, picks, mattocks and eyes or poles for the same.....	35 ".....	30 "
Axes.....	35 ".....	25 "
Saws.....	$32\frac{1}{2}$ ".....	30 "
Files and rasps, n.e.s.....	35 per cent.....	30 "
Tools, hand or machine, of all kinds, n.o.p.....	35 ".....	30 "
Leather—		
Tanner's scrap leather.....	20 ".....	15 "
Type-making accessories for lithographic presses.....	$27\frac{1}{2}$ ".....	10 "
Composition metal for the manufacture of jewelry.....	25 ".....	10 "
Stereotypes, electrotypes and celluloids for almanacs, calendars, illustrated pamphlets, newspaper advertisements or engravings, and all other like work for commercial, trade or other purposes, n.e.s., and matrices or copper shells for the same.....	2c. per sq. in.....	1 $\frac{1}{2}$ c. per sq. in.
Stereotypes, electrotypes and celluloids of newspaper columns and bases for the same, composed wholly or partly of metal or celluloid.....	8c. ".....	1c. "
Stereotypes, matrices or copper shells for the same.....	2c. ".....	1 $\frac{1}{2}$ c. "
Wire of all kinds, except iron or steel, n.o.p.....	25 per cent.....	20 per cent.
All parts of organs, except reeds.....	30 ".....	25 "
Pianofortes.....	35 ".....	30 "
Oils—		
Coal and kerosene, distilled, purified or refined, naphtha, and petroleum, n.e.s.....	6c. per gall.....	5c. per gall.
Products of petroleum, n.e.s.....	6c. ".....	5c. "

	Old Rate.	Present Rate.
Oils—Concluded.		
Crude petroleum, fuel and gas oils (other than naphtha, benzine or gasoline), when imported by manufacturers (other than oil refiners) for use in their own factories for fuel purposes or for the manufacture of gas.....	3c. per gall.....	2½c. per gall.
Olive oil, prepared for salad purposes.....	30 per cent.....	20 per cent.
Lubricating oils, composed wholly or in part of petroleum and costing less than 25c. per gallon.....	6c. per gall.....	5c. per gall.
Paper and manufactures of—		
Hanging or wall paper.....		Equivalent ad. val. rate based on 1896 imports, 39 per cent..... 35 per cent.
Plaster of Paris or gypsum, calcined or manufactured.....	40c. per brl. of 300 lbs.....	12½c. p. 100 lbs.
Enamelled iron or steel signs, and letters for same.....	35 per cent.....	30 per cent.
Socks and stockings of silk.....	10c. per doz. pairs and 35 per cent. 35	" "
Slate—		
Roofing slate.....		30 per cent, but not more than 75c. per square for black or blue, or more than 90c. per square for other colours.....
School writing slates.....	30 per cent.....	25 per cent, not over 75c sq.
Soap—		
Pearline and other soap powders.....	35	30 "
Stockinettes for the manufacture of rubber boots and shoes, imported by manufacturers of rubber boots and shoes for use in their own factories, unbleached.....	22½ p. cent } 30 " }	15 per cent.
" " " coloured.....	30 " }	" "
Stone and manufactures of—		
Flagstone, granite, rough freestone, sandstone and all building stone not hammered or chiselled.....	20	15 "
Granite and freestones, dressed; all other building stone, dressed, except marble.....	30	20 "
Flagstone, dressed.....	30	20 "
Glucose or grape sugar, glucose syrup and corn syrup, or any syrups containing any admixture thereof.....	1½c. per lb.....	¾c. per lb.
Watch cases.....	35 per cent.....	30 per cent.
Rakes, hay, of wood.....	35	25 "
Willow or osier—		
Window shades in the piece, or cut and hemmed, or mounted on rollers.....		35 per cent, but not less than 5c. per sq. yd., equivalent to 41 per cent computed on basis of 1896 imports.....
Wool and manufactures of—		
Socks and stockings of wool, worsted, the hair of the alpaca goat, etc.....	10c. per doz. prs. and 35 per cent.	35 "
Yarns costing 30c. per lb. and over, imported on the cop, tube, or in the hank, by manufacturers of woollen goods for use in their products.....	30 per cent.....	20 "
Worsted tops made from lustre, wools and other like combing wools such as are grown in Canada.....	20	15 "
Blankets.....		5c. per lb. and 25 per cent, equivalent to 39 per cent ad. val. computed on 1896 imports.....
Carpets, two-ply and three-ply, treble ingrain, composed wholly of wool.....	5c. per sq. yd. and 25 per cent, equivalent to 36 per cent computed on 1896 imports.....	35 "
Carpets, two-ply and three-ply, ingrain, of which the warp is composed wholly of cotton or other material than wool, worsted, etc.....	3c. per sq. yd. and 25 per cent, equivalent to 37 per cent computed on 1896 imports.....	35 "

I submit, Mr. Speaker, that if even no further reductions had been made than those shown in the above statement, there would still be a large and substantial measure of tariff reform. But when we take into consideration the preferential tariff, whereby the duties of the general tariff are further reduced to the extent of one-fourth, we begin to see how large and important the tariff reductions have been.

I have pointed out the extent of the tariff reductions as applied to a large list of articles. I purpose now to invite the attention of the House to a further evidence of

tariff reform ; but before doing so, I think I shall ask you to call it six o'clock.

It being Six o'clock, the Speaker left the Chair.

After Recess.

The MINISTER OF FINANCE (Mr. Fielding). Just before you left the Chair at six o'clock, Mr. Speaker, I had read to the House a very long, and, possibly, a very tiresome, list of the items in our present general tariff the duties on which are materially lower than the duties in the old tariff of 1896. And I had observed, Sir, in commenting on that list, that if there had been no other tariff reform than that which was contained in the list of items I submitted to the House, we would have been far from continuing the old National Policy, and would have given a large measure of tariff reform. But when in addition to that we consider that on every one of these items which can be purchased from the mother country, there is a further reduction of one-quarter of the duties, then I think we shall satisfy the House and the country that instead of having the National Policy still in force, as my hon. friends opposite have been contending, we have given the country a very large and substantial measure of tariff reform, which may be regarded as a fair and full compliance with the pledges in the Liberal platform of the convention of 1893.

But I propose now to take another view of the extent of this tariff reform. I have pointed out the reductions on a large number of items ; let me now invite the House to the question of the amount in the gross or the lump sum which these reductions represent in the taxation of the people during the past year. We want to ascertain what the tariff taxation would have been on the trade of 1898, if instead of having the present tariff we had continued in force the tariff of 1896. Now, there are two ways in which we may ascertain this fact. If we ascertain the average rate of duties imposed under the tariff of 1896 and apply that to the importations of 1898, and then compare the results with the actual payments of duty under the tariff of 1898, we shall approximately reach the sum which represents the saving to the people. But there is a more exact way of making the calculation, and that is the way which I propose to take. That exact way is

to take the tariff of 1896, item by item, and apply it to the importations of 1898, and see just what the taxation would be if the tariff of 1896 were applied in that way. I have here a statement of the tariff of 1896, applied to the importation of 1898. The duty on the imports of 1898, applying to these the tariff of 1896, would have been \$24,752,827.08. The duty collected under the tariff of 1898 amounted to \$22,157,788.49, and deducting the refunds under the preferential tariff, estimated at \$120,000, that makes the net duties collected under our tariff in 1898, \$22,037,788.49. Deducting this amount from the duty that would have been levied by imposing the rates of 1896 on the imports of 1898, we find that the reduction by the tariff of 1898 amounted to \$2,715,038.59. Such is the result of a comparison between the sum collected on the imports of 1898 and the sum which would have been collected if the old tariff rates had applied.

But there is one item which may, perhaps, be the subject of special consideration and may go to qualify that statement. I allude to the imports of Indian corn. We imported in 1898, 19,771,314 bushels of Indian corn, which, being free, was entered for home consumption, notwithstanding the fact that a considerable portion was really intended for export and was afterwards exported. It may be said that if the old tariff of seven and a half cents per bushel on corn for home consumption had been in force—corn, of course, being free when passing through in transit—that corn would not have been entered for home consumption, and, therefore, we ought not to consider it in the home consumption at present. I have to observe on that point that if one of the results of our tariff has been that we have not only encouraged the use of corn for home consumption, but besides have attracted into the country a large quantity of corn for export, we have thereby given employment to our railways, elevators, steamships, and all the workmen who are associated with those various industries ; and in that respect, we have something to credit the tariff with which is by no means unimportant. But for the purposes of argument, I propose to give our opponents the benefit of their contention respecting the item of corn, and to apply the tariff of 1896, not to the total imports of corn in 1898, but only to that part which remained in the country. That is to say, from the total imports I de-

duct the quantity, not the produce of Canada, which was exported, and I find the following result:

Total duties collected in 1898.....	\$22,157,788 49
Less—Estimated refunds under the preferential tariff.....	120,000 00
Net.....	\$22,037,788 49

The duty that would have been collected under the 1896 tariff on all goods, allowing a duty of 7½ cents per bushel on 5,440,764 bushels of Indian corn—being the difference between 19,771,314 bushels set forth in the Trade and Navigation Returns for 1898, as imported free for home consumption, and 14,330,550 shown as the exports of Indian corn not the produce of Canada—I find would have amounted to \$23,678,035.83. Or, giving our opponents the benefit of all reasonable contention with regard to this particular item of corn, we still find that the duties levied by our tariff in 1898 were \$1,640,247.34 less than they would have been if the old tariff had been applied to the imports of last year. The foregoing calculations are based on the trade of the year ending 30th June, 1898, but I have had a statement prepared—

Mr. FOSTER. Before my hon. friend leaves that portion of his argument, will he give the House some idea as to the method by which he has arrived at his conclusions. It is all very well to state that such is the case, but how does he arrive at it.

THE MINISTER OF FINANCE. By instructing a very competent officer, who, I am sure, has acted very impartially, to apply the tariff of 1896, item by item, to the importations of 1898, as shown in the Trade and Navigation Returns.

Mr. FOSTER. Has my hon. friend the statement worked out?

THE MINISTER OF FINANCE. Only the results. I have not it by me, but I think I could obtain it for my hon. friend subsequently. At all events I gave instructions that the inquiries should be made. I do not know that I could give more than the results, but I will speak about it later with my hon. friend.

Mr. FOSTER. It would be satisfactory to have it.

THE MINISTER OF FINANCE. The Minister of Trade and Commerce (Sir Richard

Cartwright) thought you said the results were satisfactory.

Mr. FOSTER. Oh, he thinks queerly these days.

THE MINISTER OF FINANCE. I have now a statement for the nine months ending the 31st March, 1898, in comparison with figures of a similar period for 1896:

Comparative statement showing the value of goods entered for consumption for the nine months ending 31st March of the fiscal years 1898-99 and 1895-96, and showing also the reductions of duty under the present tariffs:

Nine months, 1898-99.	
Value of dutiable goods entered for consumption	\$64,772,597
Value of free goods entered for consumption	48,017,409
Total	\$112,790,006

Nine months, 1895-96.	
Value of dutiable goods entered for consumption	\$50,972,796
Value of free goods entered for consumption	33,179,468
Total	\$84,152,264

Deducting coin and bullion, the value of goods entered for consumption for the nine months of 1898-99 was.....	\$108,712,313
The total duty paid was.....	18,751,708
Less—Refunds on account of preferential tariff (estimated)	40,000
	\$18,711,708

Average rate of duty on goods, dutiable and free, exclusive of coin and bullion—17·21 per cent.	
Deducting coin and bullion, the value of goods entered for consumption for the nine months of 1895-96 was	\$79,888,306
The duty collected was.....	15,463,213
Average rate of duty on goods, dutiable and free, exclusive of coin and bullion—19·35 per cent.	

Per cent.	
Rate, 1895-96.....	19·35
Rate, 1898-99	17·21

Reduction

2·14

This reduction is equivalent to 11 per cent of the old rate, or, in other words, one-ninth of the whole duty.

Applying the rate of nine months of 1895-96 to the importations of nine months of 1898-99, we have the following result:

Duty that would have been collected under 1896 rates.....	\$21,035,832 56
Duty actually collected	18,711,708 05
Reduction	\$2,324,124 51
Calculating on this basis, the reduction in duty for the whole year will be over	\$3,000,000 00

Summing up these statements, I think it will be clear to the House, that the reduction in the tariff, as compared with the so-called National Policy, during the last fiscal year, when our preferential tariff was only partly in operation, amounted to \$1,640,000, even when allowing for the corn. When our preferential tariff came fully into operation, this reduction became greater, amounting in the nine months of the present fiscal year to more than two and a quarter millions. And, if we make our calculation, as I said, for the whole year, we will find that total reduction on imports for 1899 is about three millions, as compared with what the duties would have been under the National Policy. I think, then, I may reasonably ask the House and the country to believe, that we have made a large and substantial measure of tariff reform; and I think I may say that the facts and figures which I have quoted will silence forever the story that the National Policy remains in full force and operation.

SPECIFIC VS. AD VALOREM DUTIES.

There has been some discussion in the House, from time to time, over the change from specific to ad valorem duties. Specific duties are admittedly wise in many cases, especially in the matter of food products, because ad valorem duties might cause a temptation to import adulterated food. But in some cases, where you have, upon manufactured goods, specific duties or compound duties—that is, duties partly specific and partly ad valorem—those duties are likely to become excessive. There were cases in the old National Policy in which, adding the specific and ad valorem duties, or taking the specific alone, the duties ran up to an ad valorem equivalent of as much as 50 or 60 per cent, and, as my hon. friend beside me reminds me, in some cases even higher. Whether wisely or not, it was deemed a point of great importance to reduce these specific duties. They have not all been wiped out; but there are 59 items on which the duty was either specific or partly specific and partly ad valorem, which have now been transferred to the ad valorem list.

Mr. FOSTER. How many remain?

The MINISTER OF FINANCE. Quite a number. I have said we have not removed them all. But give us a little time.

THE PREFERENTIAL TARIFF.

I wish to say something now with regard to the operation of the preferential tariff. I have observed that the opponents of the Government have of late adopted a new line of attack with regard to the preferential tariff. The signal success which followed the adoption of that measure, its effect upon public opinion, both at home and abroad, do not appear to have been entirely gratifying to hon. gentlemen opposite. Hitherto their chief complaint has been, that we had granted this preferential tariff to Great Britain without receiving anything in return.

Mr. FOSTER. Hear, hear.

The MINISTER OF FINANCE. The hon. gentleman evidently wishes to emphasize that as a policy which they have talked about in the past. However, according to their latest view, there is a different argument. They now tell us that this preference, which formerly they complained of our granting freely, and which they said we ought not to have given without receiving something in return, does not amount to anything at all. They have spent considerable time in trying to prove that, after all, there is not any preference. They have said that we misled and deceived the British people, that John Bull has been sadly humbugged by this Liberal Government. I have here a recent article from the leading Conservative organ; and I am justified in quoting from it as if it were the utterances of the party:

Now we have the exposure of the British preference. The British people, when this offer was first made public, were made to believe that the full 25 per cent was being knocked off in their favour—that is to say, that where the duty was 35 per cent it would remain at that figure for foreigners, but that it would be only 10 per cent for British goods. This tremendous discount was the cause of the jubilations in Britain, and of Kipling's poem, "Our Lady of the Snows."

The article concluded as follows—I am reading from the Toronto "Mail and Empire":—

The so-called British preference is an imposition on Great Britain, and, owing to the flourish of trumpets with which it was introduced is a dishonour to us.

Now, the statements in the Opposition organ are a little stronger than those made in the House, but they are in line with those of the hon. gentleman (Sir Charles Tupper)

who leads the Opposition, and others, who declare that there is no preference, and that we have humbugged and deceived the British people. Well, Sir, whatever else may be said of the British people, I do not think that anybody outside of the Conservative party in Canada would say that the British people are so unintelligent, so ignorant, that they cannot read the plain words of English in the preferential tariff. No member of this Government, or of this House, ever made such a statement as that we proposed to reduce duties from 35 per cent to 10 per cent in favour of British imports. No such statement was ever published in an English paper. There is absolutely no foundation for such a statement. But we find the chief Conservative organ solemnly publishing that statement, and saying that we have deceived and humbugged the British people.

The preferential tariff stated in the plainest words that the duties provided under the general tariff—not the old Conservative tariff, but the revised general tariff, the duties of which, as I have shown, in many cases are much lower than under the old tariff—that the duties under the general tariff were to be reduced in favour of British imports to the extent of one-eighth of the duty, and that at a later date there would be a further reduction of another one-eighth, making a total reduction of one-fourth of the duty. That preference took effect from the moment the tariff was brought down, in April, 1897. Owing to the action of Her Majesty's Government, based upon the German and Belgium treaties, the disposition on the part of this Government and this Parliament to give Great Britain the benefit of that preference at once, had to be postponed until a later date, as respects our transactions with many of the countries of the world. But I want to call the attention of the House to an important point which I do not think has hitherto been dwelt upon, and that is that while there was some unavoidable delay, owing to the action of Her Majesty's Government, in bringing that preference into operation as between British goods and goods of the continent of Europe, as respects England and her great competitor in Canada, the United States, there never was any delay in the preference, but the preference took effect on the 23rd day of April, 1897, and continued from that time down to the present mo-

ment. Consequently the preference over her chief competitor, the United States, was a substantial preference from the beginning; it was a preference of one-eighth for the first 14 months, and it is now a preference of one-fourth. I would commend this particularly to my hon. friend the leader of the Opposition, who has repeatedly made the statement that there was no preference in this matter, carrying out the same line of argument that they do now, that all this story of a preference was a humbug. Now, whether the duties in the general tariff are high or low does not in any way affect the extent of the preference. No matter what the duties may be in the general tariff, the preference rate is one-fourth less. Even if the contentions of hon. gentlemen opposite were correct, and if we had largely increased the general tariff, the fact would still remain that there is a real and genuine preference of one-fourth of the duty. If the goods of a British merchant come into the custom-house of Canada alongside the goods of a foreign merchant, the preference makes itself manifest immediately, because while the goods of the British merchant are admitted for 75 cents, the goods of the foreign merchant cannot be admitted until they have paid \$1. That is the simple fact, and I am sure it is understood by the British people, it is understood by the British merchant, it is understood by the British manufacturer and, therefore, there is not any shadow of foundation for the statement that we have misled or deceived the British public. My hon. friend beside me reminds me that it is also thoroughly understood by the American manufacturer. In support of that I may call attention to the fact that Colonel Bittinger, the American consul at Montreal, recently addressed a report to his Government at Washington, in which he pointed out that the decided preference which is given British goods in Canadian markets was operating against the trade of the United States. Now, as an illustration of the extent and value of this preference, I want to give the House a specimen invoice of goods imported by one of the large mercantile houses in Canada. The merchant imported 91 packages of dry goods covering a wide range. I will read you a list of the articles:

Gloves, caps, wool fabrics, lace, wool cloth, garter elastic, wool yarn, white cotton tape, ribbons, lace curtains, linens, damask, handkerchiefs, towels.

I think we may regard that as a fairly representative statement of a general line of British dry goods. Now, what is the effect of the tariff on that importation? Under the old tariff, the duty would have been \$3,754, equal to 30·62 per cent. The amount actually paid by the Montreal merchant who imported these goods was \$3,058·88, equal to 24·93 per cent, making a reduction in that one importation under the preferential tariff in favour of British goods of \$695·12, being equal to 5·69 per cent on the value of the goods.

Mr. FOSTER. What was the value of the bill of goods?

The MINISTER OF FINANCE. I think it was about \$12,000, but I find I have not put down the statement of the value. The value is given by the gentleman in the invoice, but I have not put it down in my notes. I have heard it said that the British preference is of no value after all, because it is only sufficient to meet the increased cost of importation of goods from Great Britain as compared with the cost of goods from the States. Well, the fallacy of that argument will be seen at once. If, with the preference, the British importer is only able to meet the American on even terms in the markets of Canada, then it follows that if there were no preference, the British importer would not have the ghost of a chance to get into the markets of Canada; therefore, the argument is evidently baseless. But in addition to that I have ascertained by the experience of a very large importing house in importing goods from England, that the freight, insurance, inland freight and shipping charges, &c., amount to about 10 per cent of the gross duty; therefore, there is 15 per cent of the 25 per cent duty still left, clearly to the advantage of the British importer. But the main point I wish to note is the one I made a moment ago, that if it be a fact that the cost of importation from England is somewhat greater than the cost from the United States, and if by the preference the British exporter is only able to get amends in whole or in part for that increased cost, then it clearly follows that if there were no preference the British exporter would have no chance whatever in the Canadian market. The preference therefore is of very substantial value to him.

Attention has been drawn to the fact

that imports from Great Britain have been increased but little, while our imports from the United States have increased a great deal. Well, there is nothing in that to which our British friends can take exception. We import from the United States a large amount of raw material, articles which England herself has to import, and which of course she could not expect to send us. Take, if you will, the matter of corn. No Englishman is going to complain because we admit corn free, for free corn, in a much wider sense than we have it, is one of the things of which most Englishmen are disposed to boast. Take the matter of iron. To a considerable extent England herself is buying iron from the United States to-day, and England cannot complain if we are importing from the United States the very class of goods she is obliged to import herself. The Englishman knows that we have given him a plain, straight preference of 25 per cent of the duty. Whether he can avail himself of that, is his business, and he can be safely trusted to look after that for himself. If he finds that the things which are being imported from the United States into Canada are things which by some accidental circumstances are made cheaper than he can make them, then the Englishman is going to look after the matter, and provide a remedy in due course. If, on the other hand, these increased imports are the result of our wanting to purchase things which England has not to sell, things which, by reason of the climate and soil of the United States, can be produced more cheaply in that country, or by reason of any special circumstance which cannot be overcome, then England will recognize the fact that we ought to import these goods from the United States, and she will herself follow in the same direction by importing these same goods, as she actually does. There are several reasons, however, why the British merchant has not been able to take advantage of this preferential tariff as largely as we hoped he would. I think the first reason, and it is a reason that we are pleased to note, is this, that under the broad and liberal tariff of the British Government the English manufacturer, the English merchant, is so busy, and has been so busy for several years, that he has no time to exploit new markets. It is a fact that the manufacturing industries of England are and have been for some time

very prosperous, and when the manufacturers are so busy, naturally they are not disposed to stretch out their hands in search of new markets when they have all they can do to supply the old ones. Then there is another difficulty, and this is perhaps not entirely creditable to our English friend—and his only excuse must be that he is so busy—and that is the fact that the English manufacturer does not, in many lines, produce articles which the Canadian merchant and the Canadian people want.

I had a conversation, a day or two ago, with a gentleman who is a large consumer of cottons in Canada, and I asked him why he could not get these cottons from England. He told me that he had to buy them from the United States, because, he said, the English manufacturer did not make the style of goods that he required, and was not prepared to change his machinery to suit the Canadian market. Then, there is another reason. I read recently an interesting article from the London correspondent of the Montreal "Gazette" on Anglo-Canadian trade, based on a statement made by Mr. Chamberlain in the British Parliament, as to the extent to which trade with Canada was increasing. The writer, referring to the small increase that had taken place in British exports to Canada, said he had discussed the subject with several well known London merchants, who said that, before we could have any large increase in British exports there must be a body of Canadian merchants in London to whom the manufacturer could go and sell his goods. It is pointed out by the writer that the large business which is being done between England and the Australian colonies is carried on, not by direct communication between the Australian merchants and the manufacturers, but through Australian houses in London. "In this year's London directory," says the correspondent, "there are some 250 Australian and New Zealand export merchants and only five Canadians." All these things, I think, may be taken into account as reasons for the British merchant and manufacturer not being able to avail themselves more largely of the advantages of our preferential tariff. But, while the increase has been less than we would have been glad to see, let us not for a moment suppose that our new tariff has not been of substantial advantage to the Bri-

tish manufacturer, which he understands and appreciates. I have here a statement of British importations in 1898 showing the duty that was actually paid, and the duty that would have been paid under the old tariff. It is as follows:—

Value of goods, dutiable and free, entered for consumption from Great Britain (less coin and bullion)	\$32,043,461
Amount of duty that would have been collected on such imports if the average ad valorem tariff rate of 1896, on British goods, viz., 22·42 per cent, was applied.....	7,184,143 96
Duty that was actually collected, less estimated refund of \$100,000 on account of preferential tariff... .	6,549,428 60
Amount of reduction on British goods in 1898 was	\$634,715 35

There is another view of this question of British imports which deserves consideration. If the imports of British goods have not been so large as we had hoped for, let us ask ourselves the question, how much worse would the situation have been if this preference had not been in operation? The blue-books show that the imports from Great Britain had been declining for a number of years. The importations for consumption for the three years 1896, 1897 and 1898 were as follows:—

1896	\$32,979,742
1897	29,412,188
1898	32,500,917

It might be of interest to go back a little further and see how these importations have been steadily going down as appears from the following statement:—

1893	\$43,148,413
1894	33,717,267
1895	31,131,737
1896	32,979,742
1897	29,412,188
1898	32,500,917

So, it will be seen that British imports into Canada had been declining from year to year. But the effect of our preferential tariff has been to arrest this decline, and to show an increase in one year of \$3,000,000. I venture to say that, when we reach the end of the year, there is a strong probability that the imports of the present year from Great Britain will show a still further increase of \$2,000,000. I have shown that the preference that has been given by Canada to Great Britain is a substantial preference, that Great Britain has availed her-

self of it to a very considerable extent, that we have been gaining because of this preferential tariff in our trade with Great Britain, and, I have no doubt that we will continue to gain as the matter is better understood by the English merchant.

GREAT BRITAIN'S VOLUNTARY PREFERENCE.

There is another side to the question. Hon. gentlemen opposite have been constantly complaining that, while we give to Great Britain a preference, Great Britain herself gives us nothing in return. The hon. member for East Grey (Mr. Sproule) is strong on that point, and he has emphasized it by offering hears, hears, again and again. I must remind hon. gentlemen opposite that they sang the song of preferential trade for a long time, but they never accomplished anything; that they talked preferential trade, that they moved resolutions on preferential trade, but they never accomplished anything in respect to preferential trade, so long as they coupled with the proposition a demand for taxation on British food. I do not say that it would not be largely to the advantage of Canada to have a preference on Canadian grain. If the British people are prepared to tax the grain of foreign nations and admit Canadian grain free, no doubt it would be a very material advantage to Canada. I am not one of those who say that it will never be done. I know that some gentlemen think that it is so unreasonable that it will never be done. I am willing to believe that it is possible, not through the policy which has been pursued by hon. gentlemen opposite, but that through the Imperial spirit that is fostered and encouraged by the action of this country in respect to the preferential tariff, and by similar offers that probably will be made by other colonies, there may be brought about such a state of public opinion in Great Britain that a change will be made in our favour. I am not going to set my face against that, of course. But what I want to point out is that, so long as we demanded a preference, we never succeeded in accomplishing anything. When the question was approached in the right way, when we ceased to demand unreasonable things, when we said that we were prepared, in recognition of the generous treatment which we have always received from England, to give a preference to her in our markets, the heart

of the Englishman was touched, and what he was not willing to do at the dictation of any colonial government he is willing to do voluntarily of his own account. So, it comes about that though there is no preference for Canadian goods on the British statute-book, there is a preference for Canadian goods in the hearts of the British people, and we are sending over every year increased quantities of the exports of Canada. This argument, which has been used before, I have heard it said is not well founded. It has been said that the increase of our exports to Great Britain is only a part of the general increase of trade, and that the United States has had a similar increase. But the facts do not sustain that view. On the contrary, they show very clearly that the increase of Canadian exports to England have been, proportionately, much larger than the increase of American exports. The total exports from the United States to Great Britain for 1898 show an increase of something over 11 per cent, but, at the same time, the exports from Canada to Great Britain increased more than 35 per cent. The following are the figures showing the exports from both countries, coin and bullion not included:

Total exports from United States to Great Britain for 1897.....	\$183,270,398
Total exports from United States to Great Britain for 1898	540,458,367
Percentage of increase—11·833 per cent.	
Total exports from Canada to Great Britain for 1897.....	\$ 77,227,502
Total exports from Canada to Great Britain for 1898	104,998,779
Percentage of increase—35·960 per cent.	

Some of our opponents are not willing to recognize the preference which really exists in England for Canadian goods, but the information before us is most conclusive on this point. My hon. friend who represents the county of Kent (Mr. Campbell) gave us the other night an illustration of the preference which England gives to Canadian goods to-day. He told us that a few years ago, to his own knowledge, it was the practice of British importers to have Canadian goods marked as "American," for the reason that Canadian goods were not popular in the British market, but within the last year or two, so great is the interest in everything Canadian, he has received advice that he had better mark his goods under the name

"Canadian," and now his goods are being sold under that name.

But that is not the only evidence. I shall give to my hon. friends opposite another piece of evidence to show that although there is not any preference on the statute-books of Great Britain, there is, as I have said, a preference in the hearts of the British people. I have in my hands the report of the Federated Association of Boot and Shoe Manufacturers, at the annual meeting held at Leeds, on the 23rd November, 1898, and a further report of December, 1898. I quote from the report:

PREFERENTIAL TARIFFS FOR BRITISH GOODS.

The question as to the tariffs that are imposed upon boots and shoes by foreign and colonial countries, and the changes that have recently taken place in some of them, was brought before the meeting, particular attention being called to the fact that Canada had in August last established a preferential tariff in favour of British goods to the extent of remitting 25 per cent of the ordinary duty, and that this preferential treatment had already caused a very considerable increase in the general trade between Great Britain and Canada. It was pointed out that although the reduced duty on boots and shoes into Canada may not lead to a demand for English boots and shoes, yet the extra British trade in other goods must indirectly benefit the home boot trade, and that as Canada, Australia and other colonies are large producers of hides and leather, it would be wise to favour the importation of such colonial productions for manufacturing purposes.

It was resolved, on the motion of the president (Mr. S. Leonard), seconded by Mr. W. Hickson (Northampton) :

"That this meeting of the Federated Association of Boot and Shoe Manufacturers of Great Britain records its appreciation of the change in the Canadian Government's commercial policy, which has, by the establishment of a preferential tariff for British goods, largely increased the trade between Great Britain and Canada, and trusts that further reductions in the tariff may be made. This meeting recommends boot manufacturers to give a preferential consideration to the leather imported from Canada, Australia and other colonies which admit British goods free or under a preferential tariff, and that a copy of this resolution, together with a complete list of the duties now imposed upon boots and shoes by foreign countries, be printed and forwarded to the members of the Federated Associations."

You will observe, Mr. Speaker, that there was nothing selfish in this resolution. Is it not another strong proof of the increased appreciation of Canadian goods in England? This resolution shows that the boot and shoe trade in England realized that they could not send any great quantity of boots and shoes to Canada, for no doubt they are aware of the fact that that is a line of manufacture in which we can compete with the world. But

notwithstanding this, so keen was their appreciation of the new trade policy of Canada, that they passed a resolution advising their members to purchase Canadian leather. I have no doubt that the increased exports of the Canadian product in that line are due, in some considerable degree, to the fact that these boot and shoe manufacturers have in this way shown their appreciation of the preferential tariff adopted by Canada.

I have another bit of testimony of the same character which I will give to my hon. friends opposite. They seem to be unwilling to believe that there is anything in this preference, but I want to give them evidence to show that the Englishman does give a preference to Canada, and that he gives it voluntarily and cheerfully, although he was not willing to be dragooned into it by hon. gentlemen opposite. In the Montreal "Herald," of the 22nd of April, there was a very interesting article on the growth of the canning industry in Canada. Mr. Innes, a gentleman largely engaged in the canning trade, tells the "Herald" of the extension of his business in various directions, and mention is made of the gratifying increase in sales to Great Britain. I quote from the interview:

"Are the goods giving good satisfaction?" was asked.

"Yes," said Mr. Innes, "they are giving excellent satisfaction, and British customers especially are inclined to favour us all in their power. They give the preference to Canadian goods, and are learning to trust us as to quality."

"Do you think, Mr. Innes, the strong Imperial sentiment that the present Government has fostered has helped your sales at all in Great Britain?"

"I do," most certainly, was the reply, "and I may say that we have sold thousands of dollars' worth of canned apples this past season through a happy idea in having the labels engraved so as to convey this sentiment."

And then, Mr. Innes exhibited to the reporter some handsome labels which he was placing on his cans, including quotations from Rudyard Kipling's "Lady of the Snows," a poem which is itself one of the most notable products of the preferential tariff.

An hon. MEMBER. Mr. Innes is a great Tory.

The MINISTER OF FINANCE. My hon. friend behind me says Mr. Innes is a great Tory. Well, this interview does great credit to Mr. Innes, and I have no doubt that there are thousands of men who used to be great

Tories in the Dominion of Canada who are going to follow the Liberal Government hereafter, and will not any longer follow the hon. gentlemen opposite.

In another matter also, Canada is receiving a preference, as will be found from this despatch, which appeared in our newspapers, and which is dated London, April 28th :

London, April 28.—British Board of Trade emigration returns for the first three months of the current year are very flattering to Canada. The number of people leaving the United Kingdom ports for Canada show an increase of 24 per cent over corresponding period of 1898, while emigration to the United States shows a decrease of 15 per cent, and that of other British colonies, including South Africa, has practically remained stationary or shown a slight falling off.

So you see, Mr. Speaker, they are giving preferences to us in the matter of our goods, and they are giving that most valuable preference to us in the matter of Immigrants who hereafter will come to Canada in larger number than ever before.

COAL OIL REGULATIONS.

There is one item in our tariff to which I wish to make special reference, because it has been the subject of two discussions in this House during the present session. I refer to the duty on coal oil, and also to the regulations relating to the trade in that article. It must be admitted, I am sure, that the duty imposed on coal oil, although lower than it was under the old tariff, is still so high as to arouse much opposition, and it is quite evident that the Finance Minister will have little peace until he makes some further reduction.

The cost of coal oil has been made high in Canada, not only by the duty, but also by restrictions that have hitherto been placed on the trade. We removed some of these restrictions at the time we reduced the duty, and I have reason to believe that, so far as such removal of restrictions went, it had a good effect; but the complaint is made that we did not go far enough. Several hon. gentlemen making quotations of the prices of coal oil in the United States and in Canada have made the difference twice as large as the total amount of duty; so it is quite evident there is something at work besides the duty to increase the cost of coal oil in Canada. Now, the regulations which have been imposed in times past—partially for good reasons, and possibly in part taking the form of protection—have materially in-

creased the cost of coal oil. Besides reducing the duty by one cent per gallon we increased the number of points at which oil might be delivered in tank cars; a change which, I think, was of some relief, especially in the North-west Territories. We also granted further liberty to the oil trade by permitting oil to be carried in tank vessels, subject of course to proper restrictions for safety. By some strange process of reasoning, or, rather by assertions without any reasoning, opponents of the Government have solemnly argued that by reducing the duty we made the oil more expensive, and that by permitting the carrying of oil in tank vessels we were doing some great injury to the public. Well, the one argument is about as reasonable as another. The folly of such representations will be apparent to all who give the matter a moment's consideration. The demand for freedom to handle oil in the most economical way, through the medium of tank vessels, came from the Maritime Provinces. To refuse them that privilege would be very unreasonable. The system of tank cars is excellent for the inland districts, but water transportation is generally cheaper than rail transportation, and consequently wherever there is the open ocean or navigable water of any kind the people who live beside it carry their freight chiefly in ships. To grant liberty to use tank cars, and refuse liberty to use tank vessels, was simply to deny to the people of the sea coast the advantages of cheap transportation which nature had provided for them. Throughout Canada today the problem of transportation is one of the most important that occupies public attention. Everywhere the desire is to economize in the cost of handling and transporting merchandise. For this we deepen our canals and increase the size of our steamers and barges to insure the cheapest water carriage. For this we increase the size of our locomotives and railway cars, improve grades and straighten curves, so that goods may be hauled over the land at the cheapest possible rate. Would it not be very absurd to do all these things in the interest of cheap transportation and then say that we would make the carriage of oil as expensive as possible?

Since the carriage of oil in tank-ships is a recognized means of transportation, what possible reason could be given for shutting

out the people of Canada from that method? To say that the people on our sea coasts should be compelled to receive their oil in barrels would be about as reasonable as to say that the people of Ontario might import coal from the United States, but should be compelled to bring it in wheelbarrows. Whether one company or half a dozen companies avail themselves of the privilege which we grant, is no concern of ours. Our duty was to remove the restrictions and give to the people who live beside the sea an opportunity to enjoy the same privileges of cheap transportation as are possessed by the people of other civilized communities. I believe that the privilege of tank vessels has only been used to a moderate extent, but there is no doubt that it will grow and cheapen the cost of the article, just as cheap transportation in any other line of goods reduces the cost to the consumer. While the Government have unquestionably taken a step in the right direction by reducing the duty on oil and removing some of the restrictions which have added to its cost to consumers, there is still room for improvement; and, though we put aside until another time the question of further reduction of the duty, we propose to make further concessions to the people with respect to the restrictions imposed on the oil trade. At present, all petroleum, whether Canadian or imported, must be barrelled before being inspected. The package must bear the inspection marks, and inspection fees must be paid, varying from $\frac{1}{2}$ cent to $\frac{1}{2}$ cent per gallon, according to the size of the package. We propose to sweep away all these restrictions. Canadian oil will be inspected at the refineries, and imported oil at the port of entry; and, having been so inspected, it may be removed or sold without restrictions as to packages. The inspection fees will be entirely abolished. The present law contains provisions for guaranteeing the safety of the oil. These must be adhered to and rigidly enforced. But, apart from what may be necessary in the interests of safety, our aim will be to allow the utmost freedom in the handling of the oil. My hon. friend the Minister of Inland Revenue will introduce immediately a Bill to abolish all the restrictions to which I have referred. There is no doubt that a large part of the oil business will still be handled in barrels. The tank cars and ships will come to large centres,

where the oil will be stored in tanks, and from thence distributed in barrels to different parts of the country. Wherever the conditions of the trade require that, well and good; but, where they do not, we do not propose, hereafter, to compel the people to buy oil in barrels. Such regulations as may be necessary to insure safety to the people by the confiscation of any oil found in Canada which does not come up to the proper standard, must be maintained, and possibly made even more rigid; but beyond that we shall abolish all these troublesome regulations, and in that way give to the people a large measure of relief, although not at present reducing the duty on oil.

NO TARIFF CHANGES.

We do not propose, Mr. Speaker, to make any changes in the tariff this session. In making this statement, I do not, for one moment, assume that the tariff is perfect.

An hon. MEMBER. No.

The MINISTER OF FINANCE. My hon. friend says, No; but, if it is the same old National Policy that he, last week, said it was, it ought to be perfect, in his estimation. I may find some little fault in it, but my hon. friend ought not to do so.

Mr. N. CLARKE WALLACE. I did not make any remark whatever.

The MINISTER OF FINANCE. Then, I beg the hon. gentleman's pardon. I understood my hon. friend to say, "No," when I said that the tariff was not perfect. Some other hon. gentleman said so. I wish, however, to point out several reasons why it is not expedient to change the tariff at present. In the first place, a certain reasonable degree of tariff stability is always important, if we are to have that confidence in business without which we cannot hope to have prosperous times. Therefore, even though the tariff may not in all respects be as we would like it, it is better to bear some imperfections than to enter upon revisions which might create disturbance in the business of the country.

But there are further reasons against present change. It is to be remembered that our Tariff Act of 1897 legislated not only for the present, but for the early future. It was a graduated measure, the latest stage of which only came into effect a few months

ago. It was not until the 1st of August last that our preferential tariff came fully into force. Our tariff policy, therefore, has been in operation in its present shape for only nine months. Hence, while recognizing the fact that there are imperfections in the tariff, I feel that it will be better, for the present, to bear with those apparent imperfections than to enter upon a revision of a tariff which, in its present condition, is only nine months old and under which Canada is prospering as never before.

There is another reason which is entitled to consideration, although I will frankly say that it may not weigh as much in the mind of the House now as it did some time ago. I refer to the negotiations between the United States and Canada respecting commercial relations and other matters, which are soon to be resumed by the Joint High Commission, at Quebec. My right hon. friend the Prime Minister, in a recent speech, said it appeared as if Canada no longer wanted reciprocity. Perhaps that statement was a little stronger than some of us would care to make it. This I will say : There never was a time when reciprocity was not desirable, and I do not suppose there will ever be a time in the history of Canada when it will not be desirable that liberal trade relations should exist between the people of Canada and the people of the great republic to the south of us. The people who live along the boundary line, whether in the United States or in Canada, must always find it a source of inconvenience and embarrassment to be denied a profitable and reasonable commercial intercourse. The people who live near the sea shore, in the New England States on the one side and in the Maritime Provinces on the other, must always feel keenly the denial of that trade intercourse which nature seems to have intended them to have. All this I fully recognize, as respects the Canadian side of the subject. Nevertheless, it is true that the demand for reciprocal trade relations with our neighbours to the south is by no means so strong as it was a few years ago. Whatever our American friends may have intended by their trade policy, there is one thing that they certainly have done: they have made Canadians more independent and self-reliant, and have caused them to look more steadily than before to their home market and their markets over sea, where there is an open door. Espe-

cially have our producers given attention to the British market during the past two years, when our trade relations with the mother country have been so developed and increased by the preferential tariff. Therefore, the market of our friends to the south is much less important to us than it was a few years ago, and we are better able to do without reciprocity than we have been at any previous time in the history of Canada. Nevertheless, I say again, there never has been, and I trust there never will be, a time when reciprocity between the United States and Canada will not be desirable. Our commissioners will resume their important duties at Quebec in August, with the same earnest desire that they have manifested in the past to bring about a satisfactory trade arrangement with our American brethren. If it shall appear that no such arrangement can be made, while we shall all regret it, we shall be prepared to go on our own way cheerfully, with full confidence in the resources of our country and in the ability of our people to develop them successfully, for there is but one feeling among the Canadian people from ocean to ocean—that Canada shall have a fair treaty or no treaty at all.

I have presented, Mr. Speaker, some evidences of the remarkable growth and prosperity of Canada, which I am sure, even though presented in the dull form of statistics, must make a deep impression upon the minds of all who give attention to them; and this growth will be the more striking when viewed with the assistance of the diagrams which will be distributed in a few moments.

And now, Sir, in conclusion, let me say that Canada has much reason to be proud of the position she occupies to-day. It is a splendid exhibit of her financial and industrial condition which we are permitted to present to the world. But, Sir, in the midst of all this prosperity I would venture to utter a word of caution. It is said that one of my distinguished predecessors in office, at a time when trade was fairly prosperous, advised business men to "clap on all sail." Far be it from me to utter that sentiment to-day. I can assure you, Sir, that I have no disposition to offer such advice as that. I would much rather, if I thought that words of mine would have any weight, utter a word of caution in the spirit of Kipling's "Lest we forget; lest we forget." In the

midst of this great prosperity, I would remind my hearers that the conditions which have brought it about cannot be expected to prevail always. It will not constantly fall to the lot of a Finance Minister to make such an agreeable statement as I have the pleasure of submitting to-day before the House of Commons of Canada. We cannot always have good crops and good prices. Conditions at home and conditions abroad may be such as to bring about a check to all this prosperity. From the experience of the past we know that the pendulum which has now for two or three years been swinging strongly in Canada's favour may soon fall back. There may soon come a time

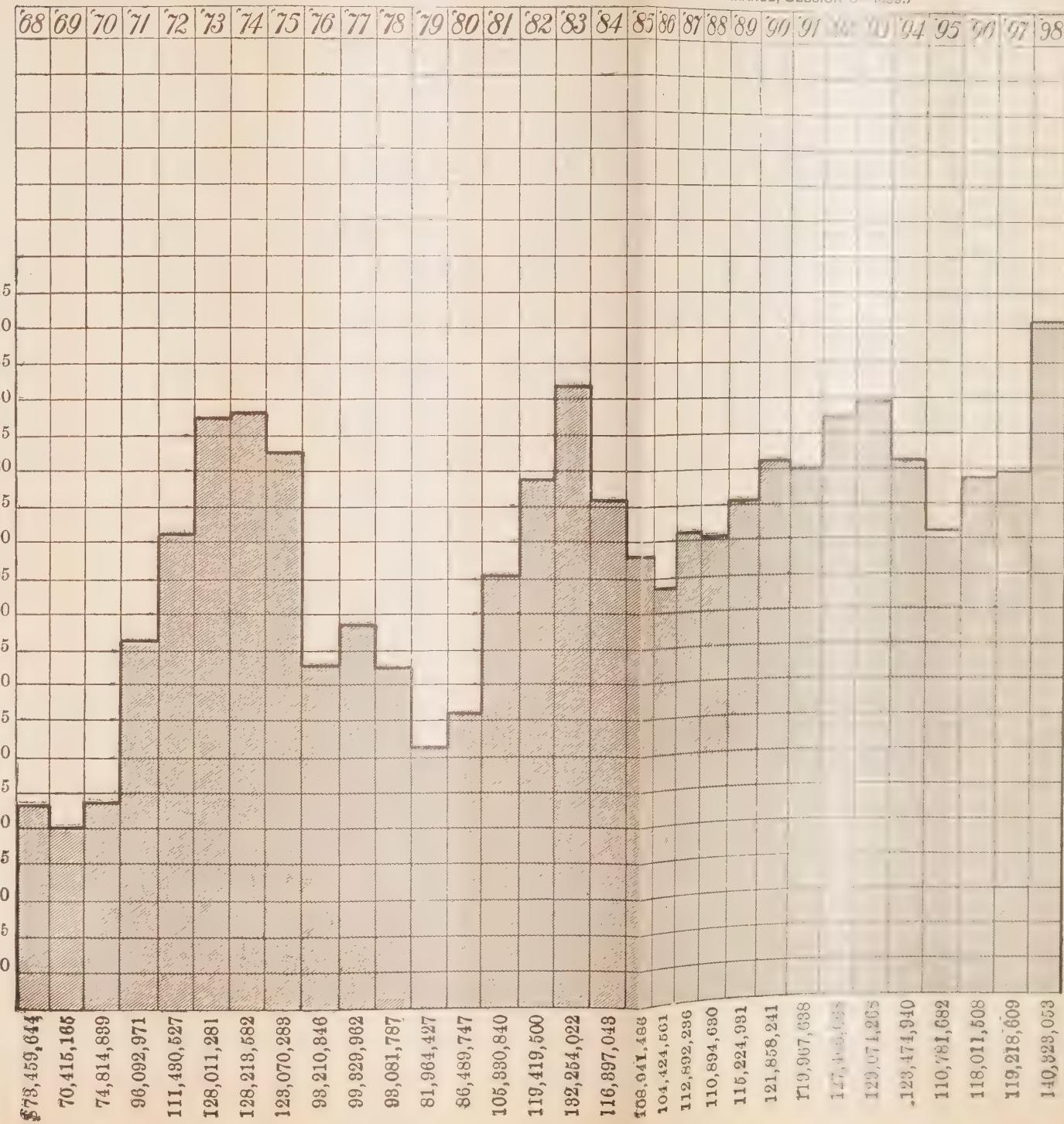
when things will not be so prosperous, and so I would to-day rather, as respects our national housekeeping and in the business world, utter a word of warning and advise our people to make a wise use of our present opportunities so that when less prosperous times come to us, as come they will, we shall be able to bear them easily.

Let our aim be, not to have what is commonly called a "boom" in trade, but to lay strongly the foundations of our business, so that Canada may move steadily forward in all things necessary for the welfare of her people and the advancement of her position as the greatest colony of the British Empire.

DOMINION OF CANADA
TOTAL IMPORTS FOR YEARS ENDED JUNE 30TH, 18-

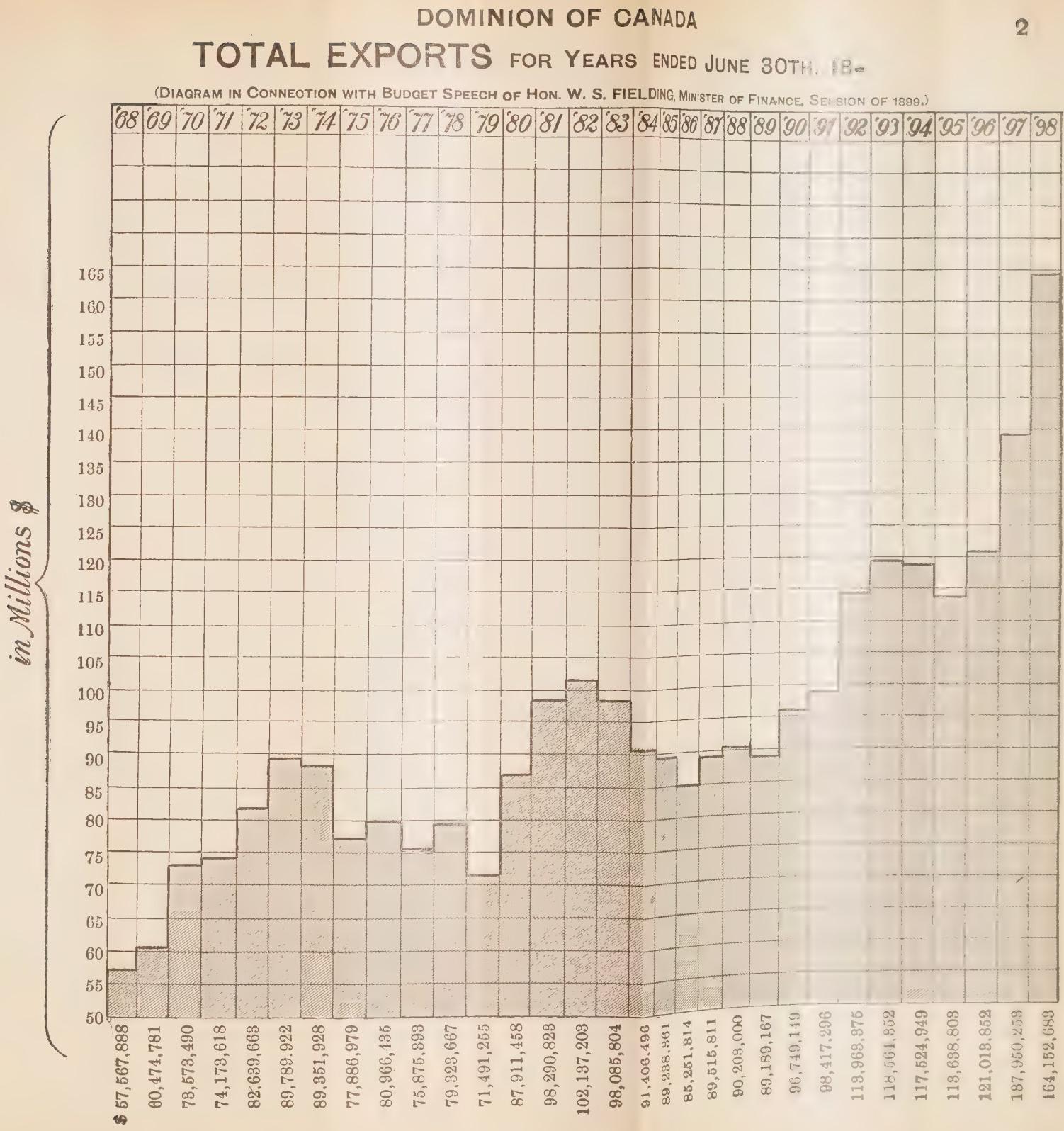
(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

in Millions \$



DOMINION OF CANADA
TOTAL EXPORTS FOR YEARS ENDED JUNE 30TH, 18-

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)



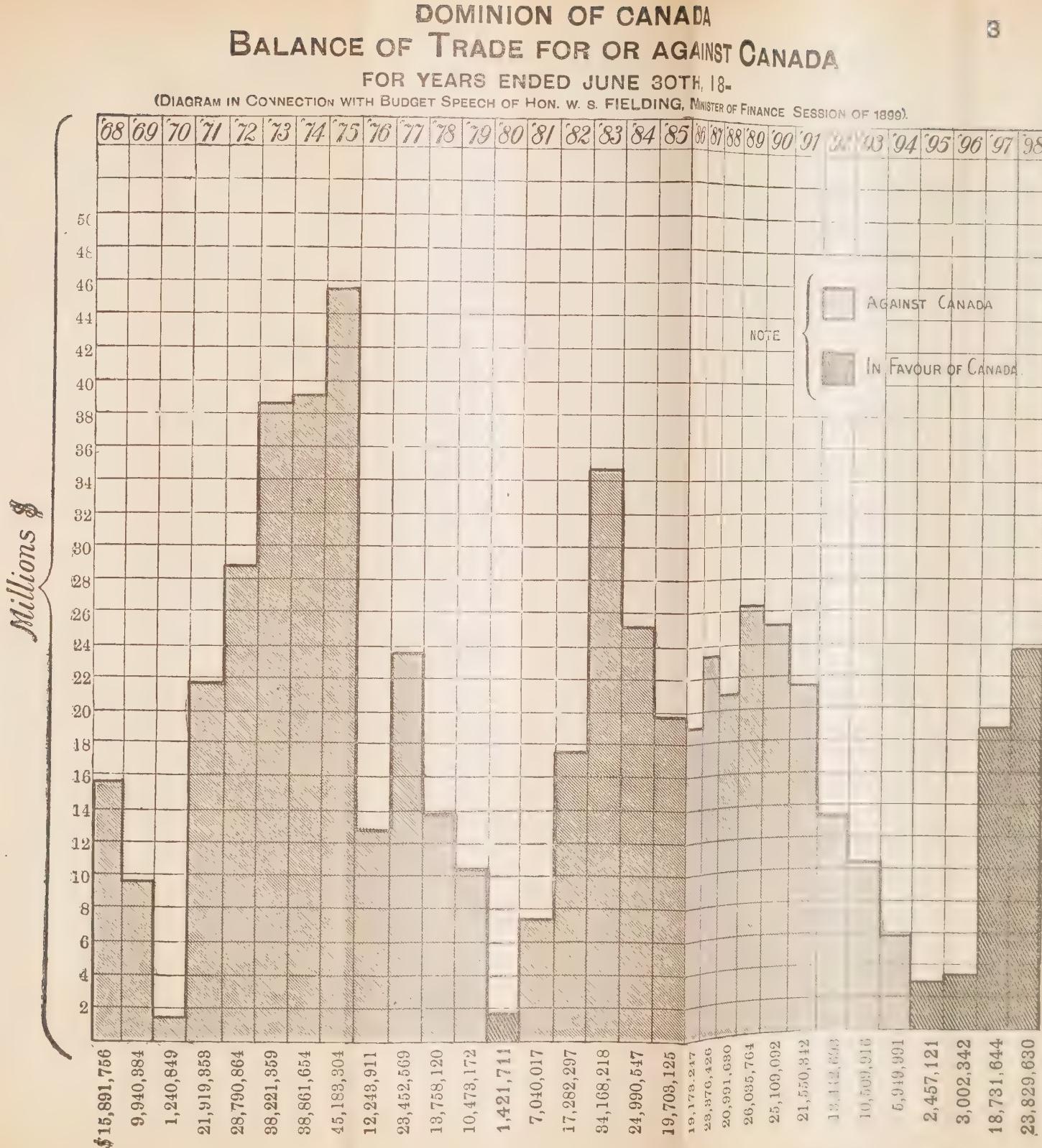
DOMINION OF CANADA

3

BALANCE OF TRADE FOR OR AGAINST CANADA

FOR YEARS ENDED JUNE 30TH, 18-

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE SESSION OF 1899).





DOMINION OF CANADA
SHIPPING, INCLUDING ALL VESSELS (EXCLUSIVE OF COASTING VESSELS)
TONNAGE EMPLOYED

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

JUNE 30TH, 18-



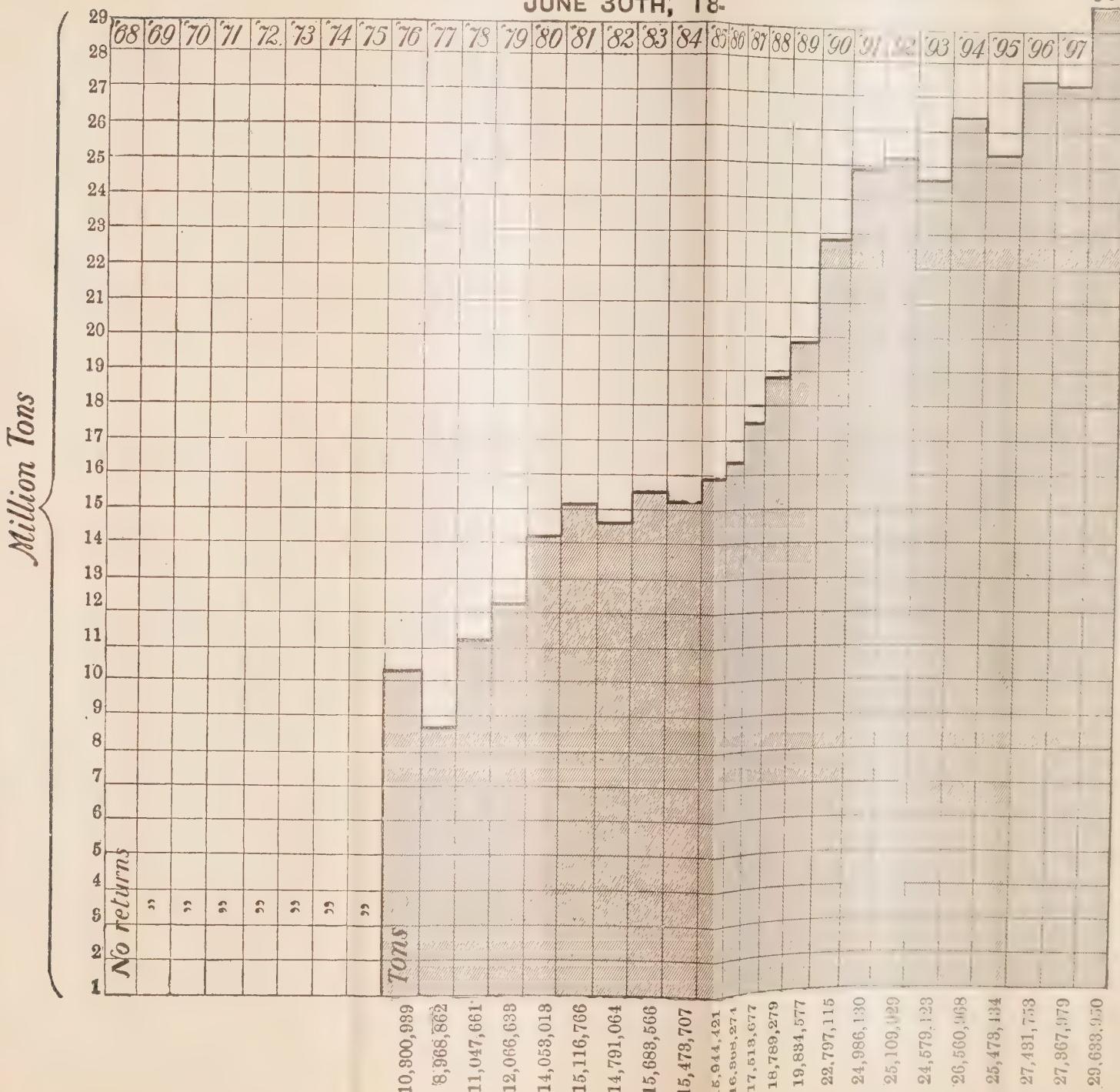
DOMINION OF CANADA
COASTING TRADE—TONNAGE EMPLOYED

5

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

JUNE 30TH, 18-

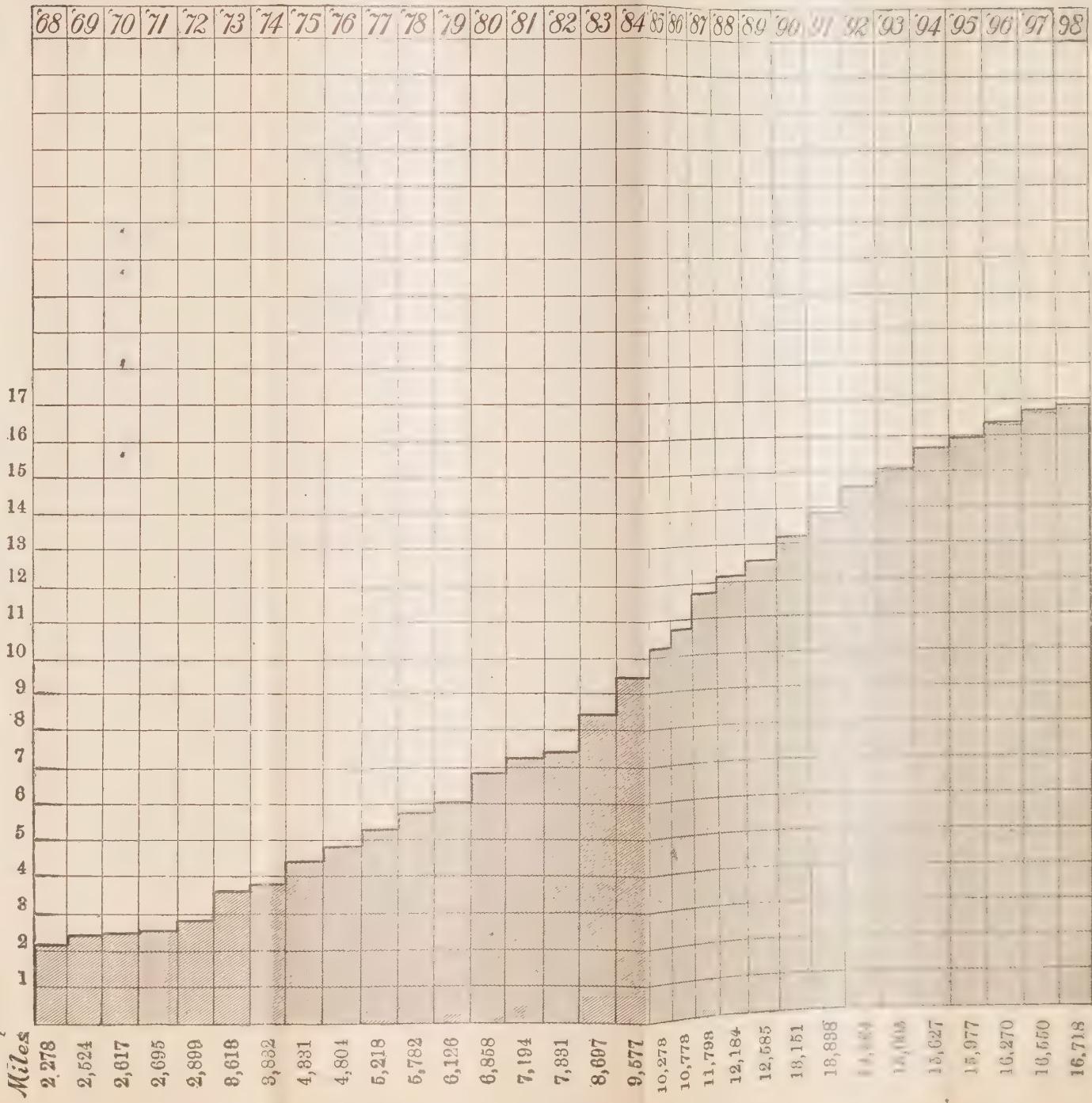
98



**DOMINION OF CANADA
RAILWAYS IN CANADA (MILES IN OPERATION)
JUNE 30TH, 18-**

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

*MILES IN OPERATION
each square equal to 1000 Miles*

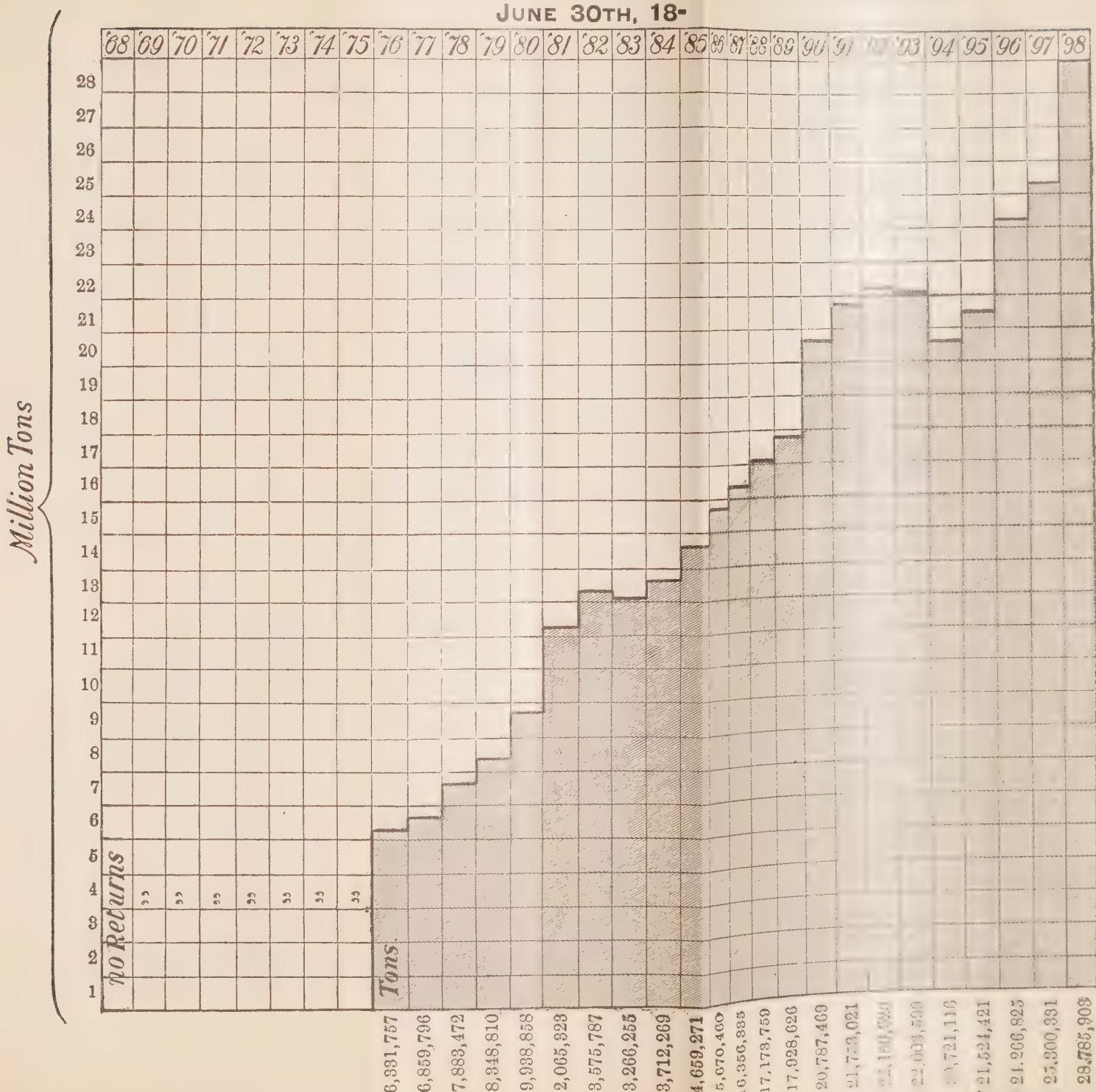


DOMINION OF CANADA
RAILWAY TRAFFIC—TONS CARRIED

7

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

JUNE 30TH, 18-





8

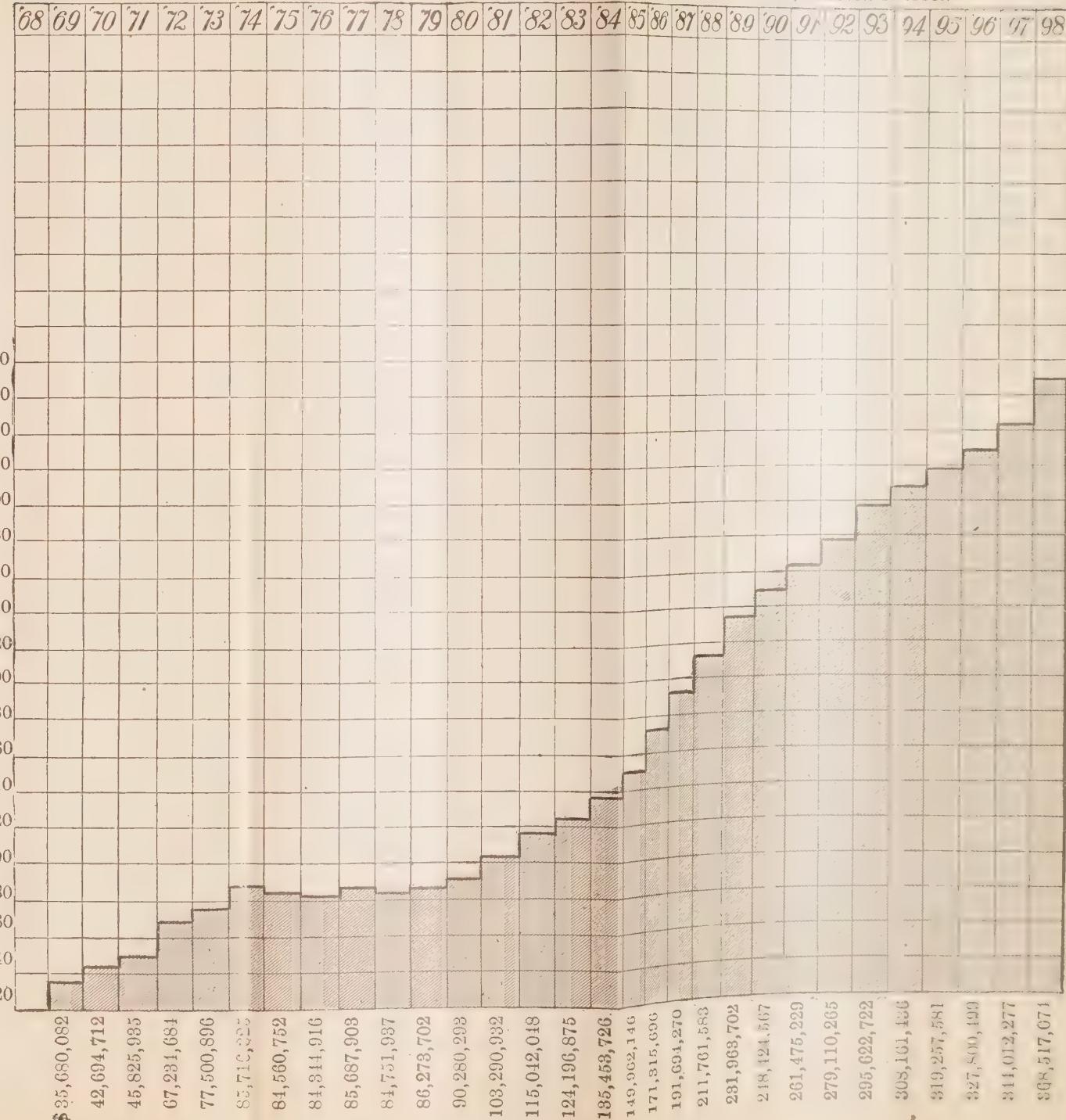
**DOMINION OF CANADA
LIFE INSURANCE IN CANADA.**

NET AMOUNT IN FORCE DEC. 31ST, 18-

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, S

SION OF 1899.)

in Millions \$

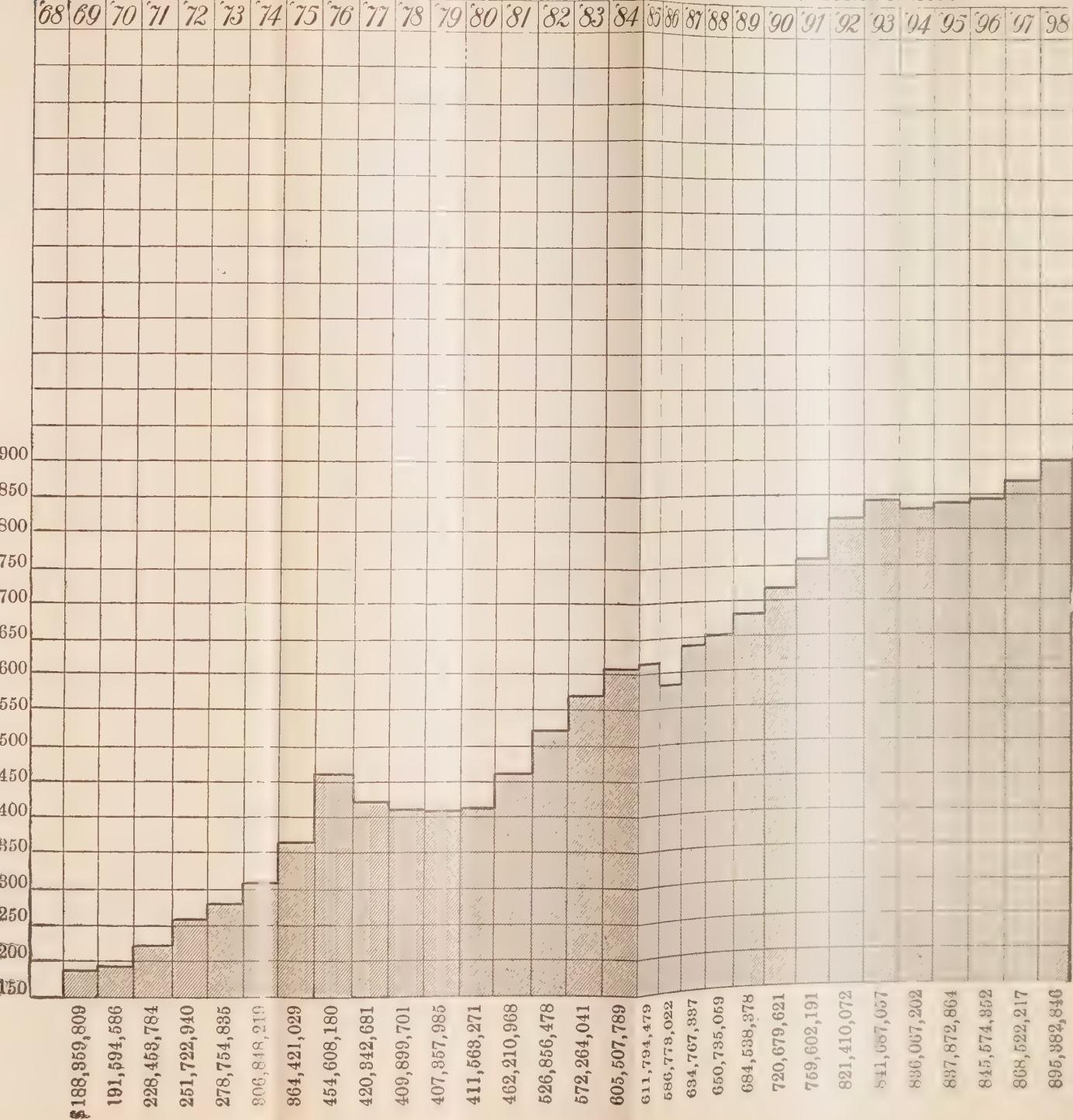


**DOMINION OF CANADA
FIRE INSURANCE IN CANADA**

AMOUNT AT RISK DEC. 31ST, 18-

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

in Millions \$

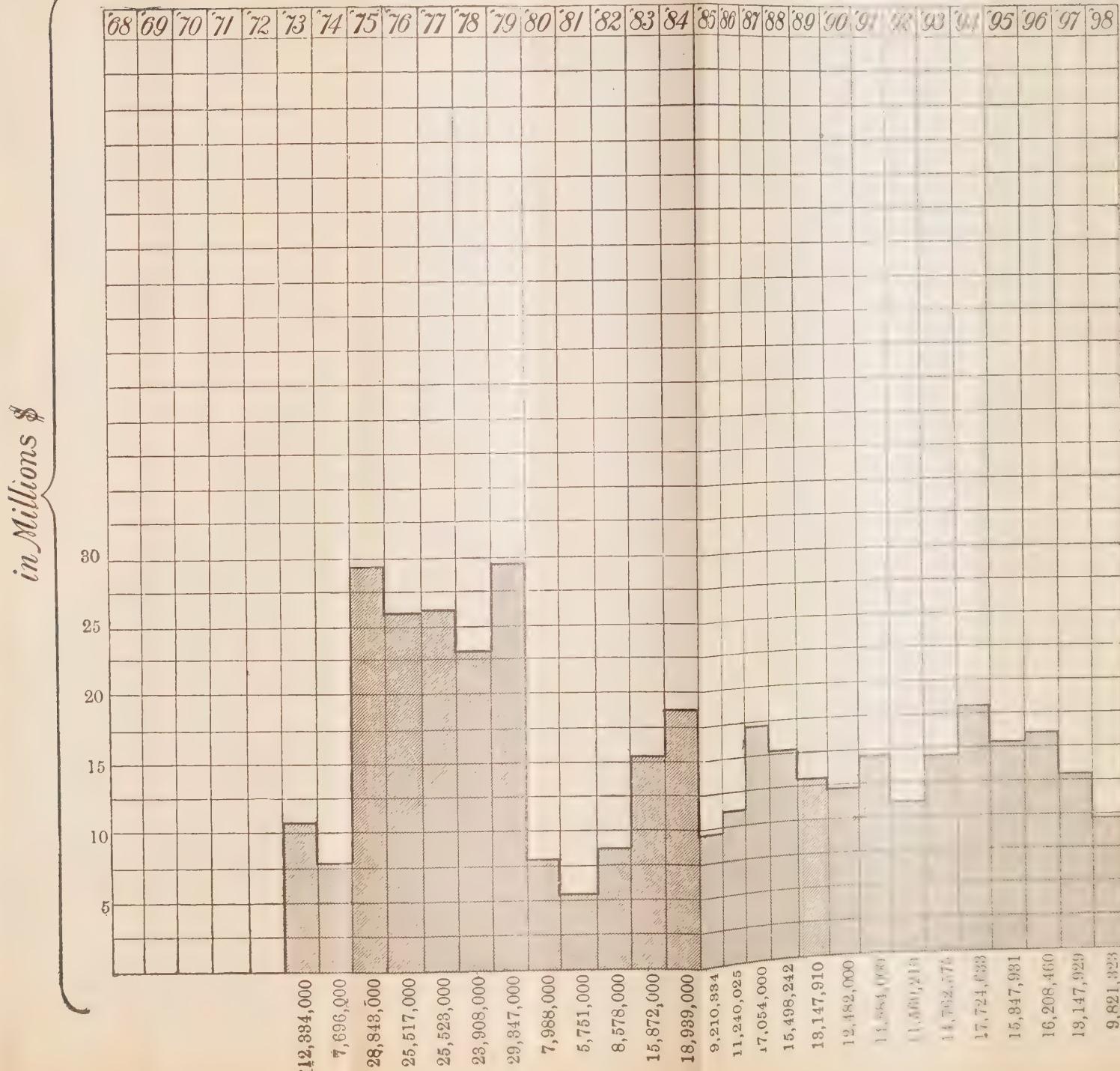


DOMINION OF CANADA
BUSINESS FAILURES IN CANADA
(NEWFOUNDLAND INCLUDED TO 1891 INCLUSIVE)

10

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

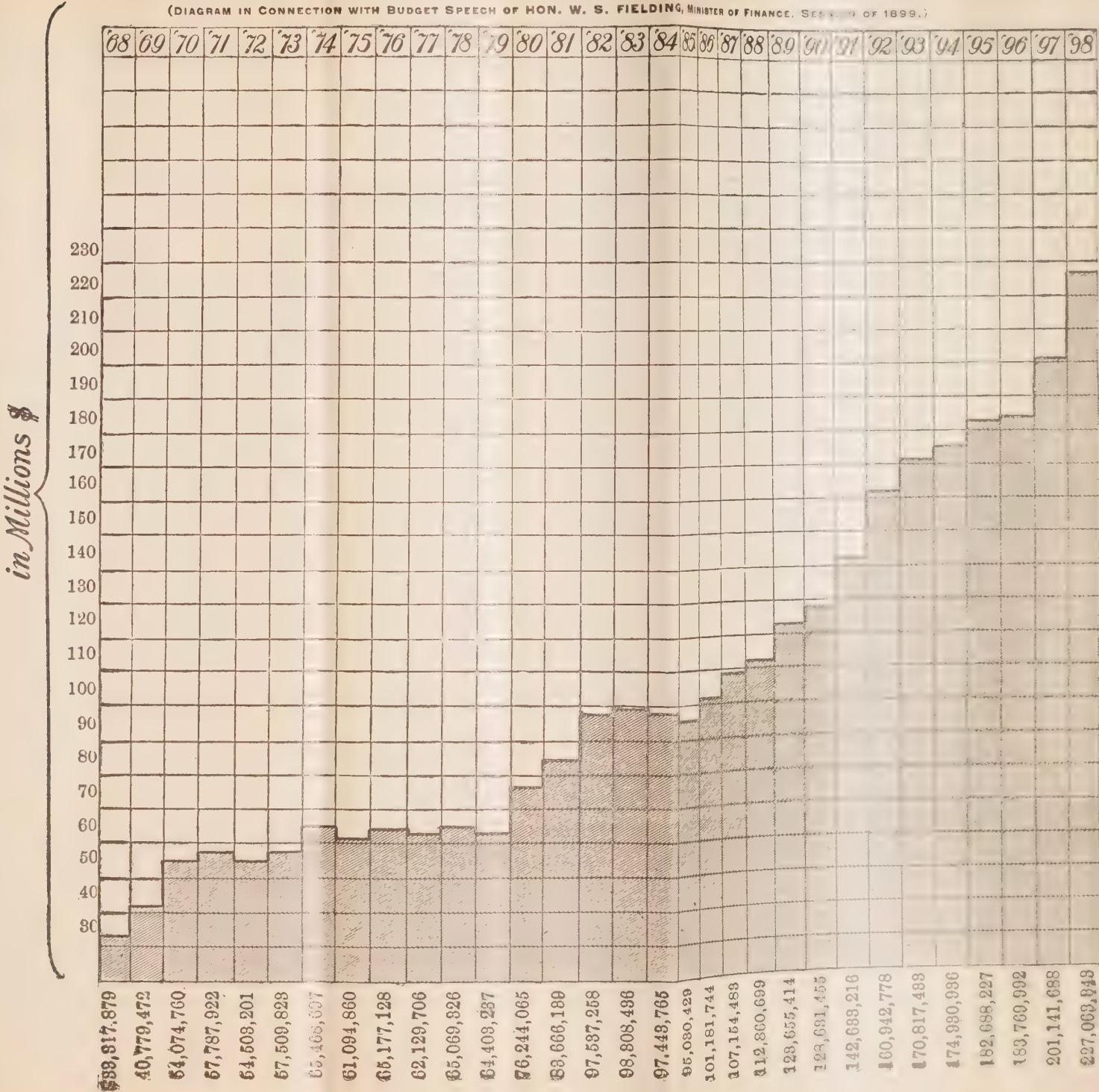
DEC. 31ST, 18-



DOMINION OF CANADA
DEPOSITS BY THE PEOPLE IN THE CHARTERED BANKS OF CANADA
JUNE 30TH, 18-

11

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SEE V. 11 OF 1899.)



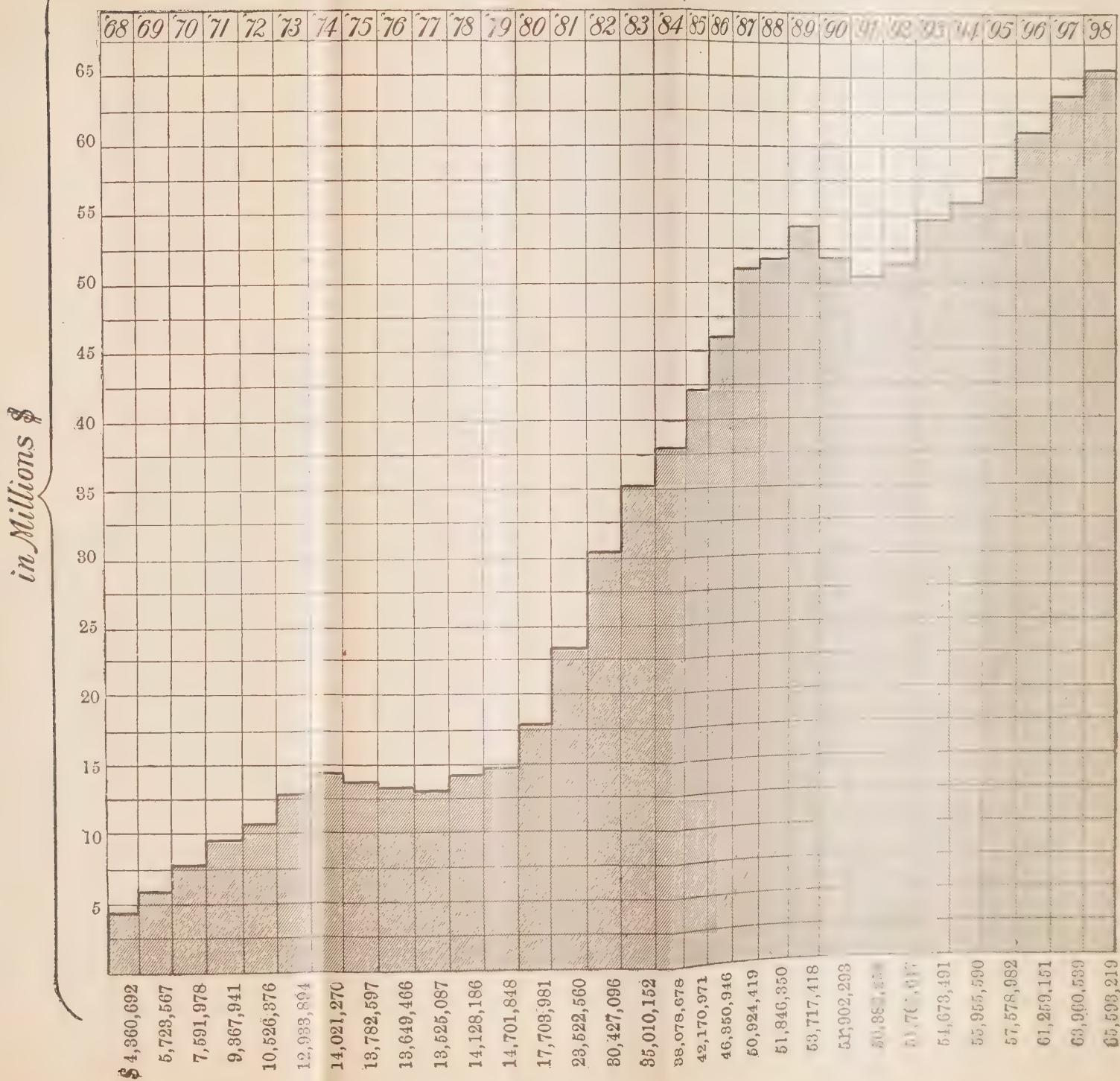
DOMINION OF CANADA

DEPOSITS IN SAVINGS BANKS OF CANADA

Including City and District Savings Bank, Montreal, and Caisse d'Economie, Quebec

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.)

JUNE 30TH, 18-



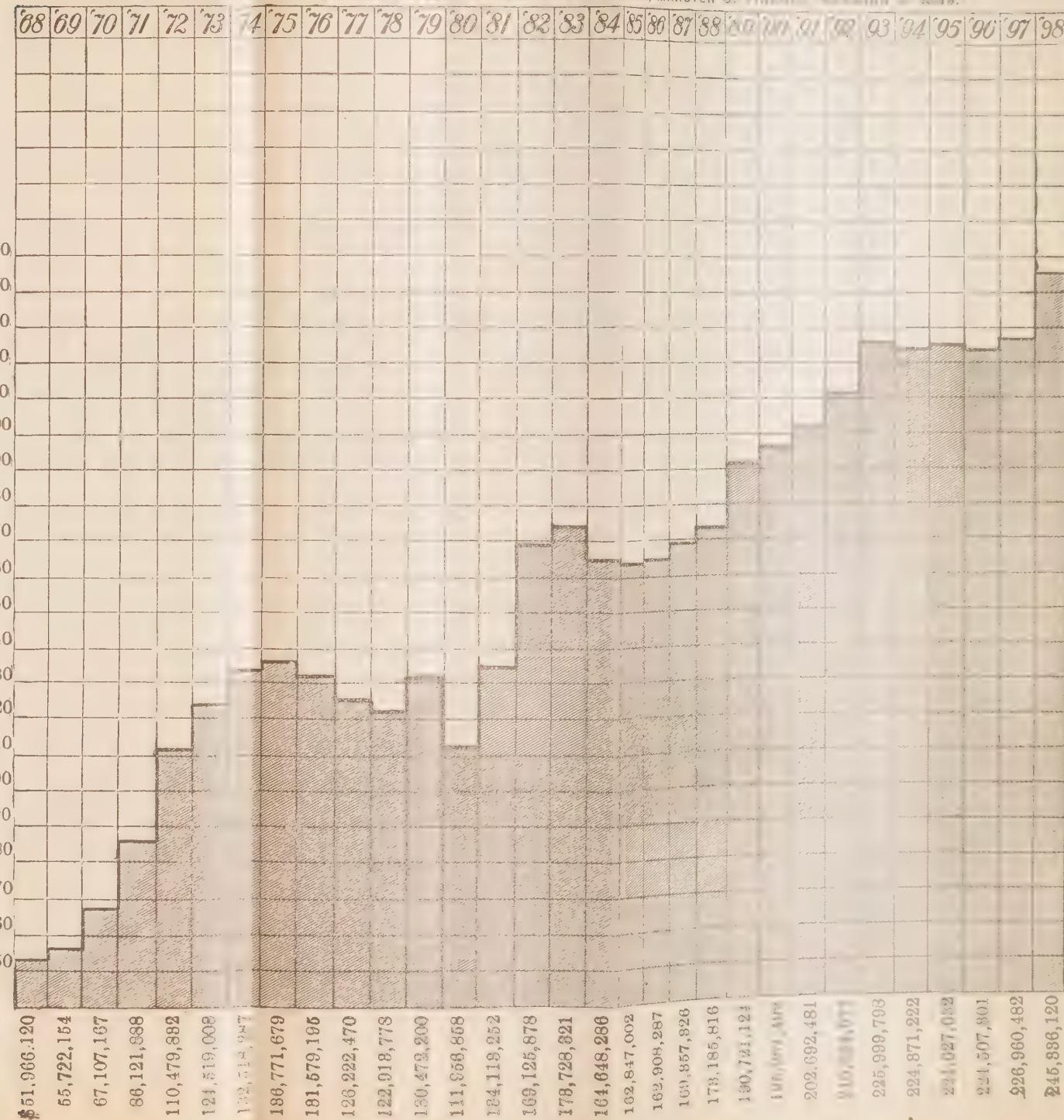
DOMINION OF CANADA DISCOUNTS

13

As shown by the Monthly Statements of the Chartered Banks of Canada, June 30th, 13.

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, MARCH 10, 1899.)

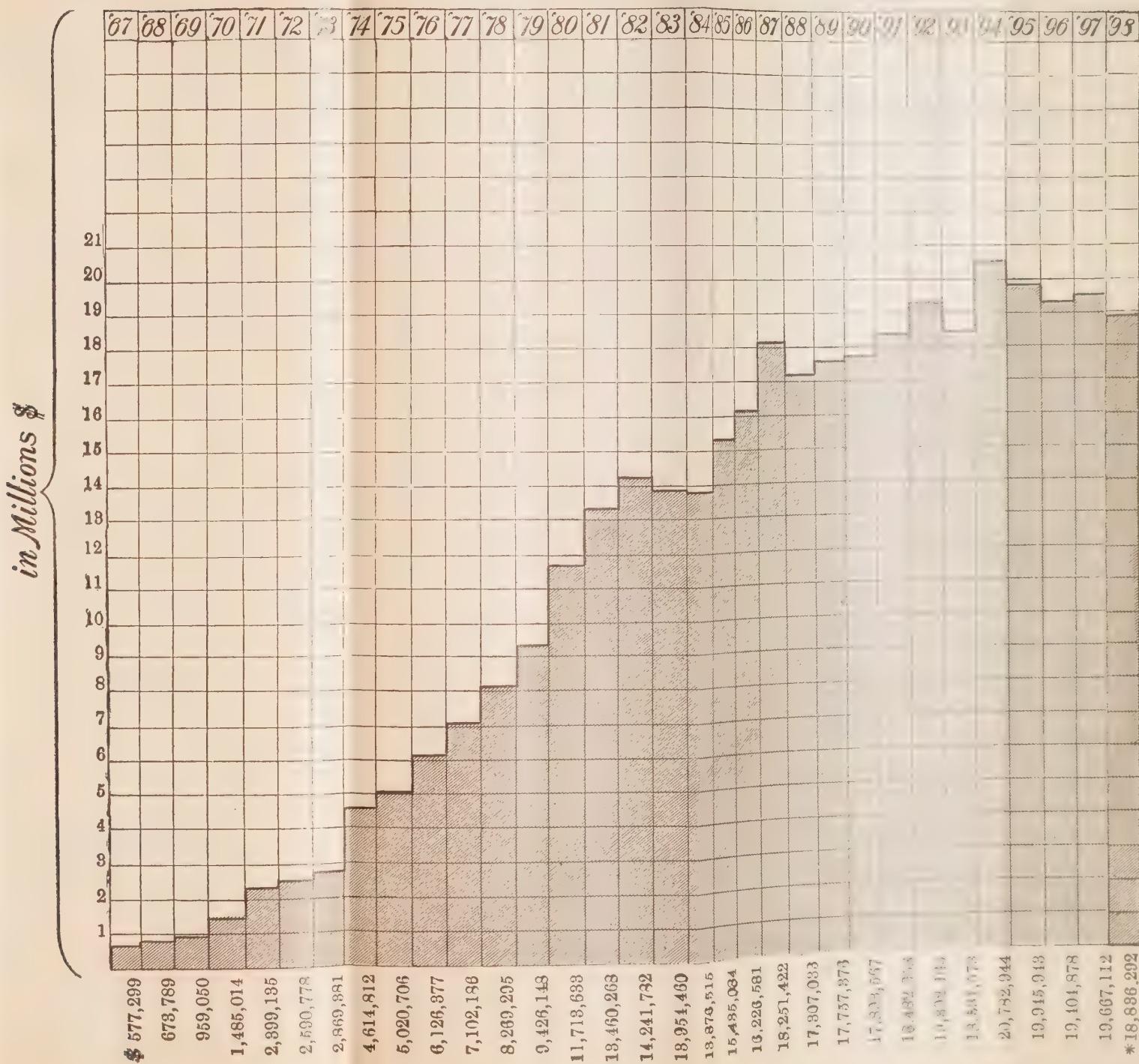
in Millions \$



DEPOSITS MADE WITH LOAN COMPANIES AND BUILDING SOCIETIES
EACH YEAR FROM 1867 TO 1898, INCLUSIVE

[DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1899.]

DEC. 31ST, 18-



*Owing to incomplete returns the deposits of four companies are estimated.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

FRIDAY, MARCH 23

1900



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY

1900

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BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, OTTAWA, FRIDAY, MARCH 23, 1890

WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Mr. Fielding) moved that the House resolve itself into committee to consider of the ways and means for raising the supply to be granted to Her Majesty. He said : Mr. Speaker, when I had the honour to deliver the budget speech a year ago, I spoke to the House of the affairs of the preceding year, which I was able to describe as the most prosperous period in the history of Canada. It is, I am sure, a cause of gratification to us all that the favourable conditions which then existed have continued, and that the year which followed was also one of wonderful progress in Canada. The year 1898 was regarded as a phenomenal year ; but great as was its activity, that of the year 1899 was still greater, and I may say of that year that it was beyond all question the most prosperous year in Canadian history. The evidence of that prosperity will be found in the public documents, in the returns of the banks, in the reports of the boards of trade, in the reports of our great railway and industrial corporations. I may, as I proceed, have occasion to refer to a few of the more striking features of that prosperity, and at the close I shall place on the Table of the House, as I did on a previous occasion, a series of diagrams, which will in a very vivid way illustrate the progress which Canada has made during the comparatively short period of her national existence.

REVENUE. 1898-9.

Let me first, Sir, following the usual method of the budget speech, invite attention to the financial affairs of the year ending the 30th of June last, which we describe in our blue-books as the fiscal year 1898-9. During that year, the revenue collected from all sources amounted to \$46,741,249. This amount, which I may say, by the way, exceeds the anticipation expressed in my statement of last year by \$108,850, represents the very pronounced increase of \$6,186,011 over what was received by way of total revenue in the preceding year. The following are the particulars of how the revenue has been derived :

—	1897-8.	1898-9.	In-	De-
			crease.	crease.
	\$	\$	\$	\$
Customs.....	21,704,563	21,769,664	655,001	655,001
Excise.....	7,871,563	9,641,227	1,769,664	1,769,664
Post Office..	3,527,809	3,193,777	.....	334,032
Miscellane-	ous.....	7,450,973	8,589,404	1,138,431
Net increase	40,555,238	46,741,249	6,186,011	334,032

The increase of customs was general along the line, there being but few articles on which there was not an increase of revenue. In the case of excise, there was an increase on all articles. The following is a state-

ment of the excise revenue collected on each article :

Article.	Duty accrued 1898.	Duty accrued 1899.	Increase.
	\$	\$	\$
Spirits	3,563,575	4,566,147	1,002,572
Malt	584,321	843,193	258,872
Cigars.....	676,577	768,496	91,919
Cigarettes.....	240,343	302,841	62,498
Tobacco and Snuff.....	2,651,633	3,014,951	363,318
	7,716,449	9,495,628	1,779,179

As I have already stated, in miscellaneous revenues there is a large increase. We have a large receipt from the Yukon Territory, which is a new source of revenue in the last year or two; and we have an increase of over \$600,000 in the earnings of government railways. In this general classification of our sources of revenue, the only item which shows a diminution is the Post Office Department, and that we do not regard as a matter of regret, because the reduction in the revenue of the Post Office Department is a reminder of the great reform accomplished in that department by my hon. friend the Postmaster General when he established the great boon of the penny post. I remember that my hon. friend the leader of the opposition, when speaking on that subject at a public gathering in the city of Brockville, not many months ago, said that if the government had reduced the postage to two cents, they would make up for that reduction by new taxes somewhere else. Well, it will be, no doubt, gratifying to the hon. gentleman to know that no new taxes have been imposed, and that consequently the concession of penny postage has been a great reduction of taxation to the people at large, because there is no tax that is more universal throughout Canada than that which may be called taxation to meet the cost of the postal service of the country. The public will be glad to know that the anticipation of my hon. friend has not been realized, and that this great boon has been given without entailing the necessity of any increase of taxation in other respects. But while there is temporarily a loss of revenue in consequence of the granting of that boon, I rejoice to

know that that loss will not last much longer. It is a principle which we on this side, at any rate, recognize, that when you cheapen an article to the public they will use more of it, and that principle applies in the matter of postage as in other matters. We are glad to know that, owing to the reduction in postage, the people are writing more letters than ever before, and it will be but a few months, in all probability not more than twelve months, when the revenue from the Post Office Department will be as much as it was before the penny postage was established.

The total revenue for 1898-9 was \$46,741,249, or an increase of \$6,186,000 over the revenue of the previous year. The expenditure chargeable to consolidated fund for the year was \$41,903,500, or an increase of \$3,070,974 over the previous year. I will mention some of the principal increases. One is in the interest on the public debt, in which connection we had to pay a full year's interest on our 2½ per cent loan against a half year's interest in the previous year.

In legislation we had to provide for the plebiscite; in militia we had to provide for the Yukon contingent expenses and increased expenditure on annual drill; in public works we had to provide for additional dredging plant and numerous repairs and extensive additions to these works; in our ocean and river services we had to provide for the cost of a new steamer. We had also to provide for other expenditure in the Yukon Territory which was absolutely necessary, and as hon. gentlemen know our government railways are being developed to a considerable extent, but our expenditure in that connection is a profitable expenditure, as it is the cause of increased earnings on the Intercolonial.

We had, therefore, a revenue for the year 1898-9 of \$46,741,249, and an expenditure for the same year of \$41,903,500, so that we closed the year with a surplus of \$4,837,749.

CHARGES TO CAPITAL.

I should now refer to the question of what we call capital expenditure. There is a disposition occasionally on the part of some hon. gentlemen, who perhaps have not given the matter sufficient attention, to confuse capital account with income account; and

even during the present session we have heard hon. gentlemen treat these two accounts as if they were one and the same, and put the total expenditure of both capital and income, during our time, against the expenditure of former governments which included income charges only. There ought to be no misunderstanding in a matter of that sort. I am sure that there will not be any on the part of my hon. friend, the leader of the opposition, who at one time controlled the Finance Department himself, nor on the part of my hon. friend the ex-Minister of Finance (Mr. Foster), because both these hon. gentlemen are well aware that there is a broad distinction between these two accounts.

There are certain charges of an unusual character, such as the construction of great public works, railways and canals, the subsidizing of railways and other exceptional charges of one kind or another, which do not form part of the ordinary every day expenditure of governments, and these from time immemorial are collected together under the heading of capital account, distinguished from the ordinary account of expenditure chargeable against income.

Let it be clearly understood that the accounts of the government, as respects these two classes of expenditure, are kept to-day exactly as they were in former times; and therefore the comparisons we make are those we have the right to make with the expenditures of former administrations. I trust, therefore, that those hon. gentlemen who have confused these two accounts, will draw the line between them, and see that any comparisons they submit are properly made.

We expended during the last year on capital account, that is to say outside ordinary charges against income, \$9,137,562. This is made up of the following items:

Railways—Intercolonial and Prince Edward Island Railways	\$1,103,929
Canals	3,899,877
Public works	385,094
Dominion lands	151,212
Militia	337,810
Canadian Pacific Railway	8,418
Railway subsidies (including \$2,322,- 500 to Crow's Nest Pass Railway)..	3,201,220

Total \$9,137,562

THE PUBLIC DEBT.

Let us turn now to the effect of this expenditure in increasing our public debt. I have here a statement showing the additions to the net debt on the 30th June, 1899:

Capital expenditure (railways, canals, public works, Dominion lands, militia, and C.P.R.).....	\$5,936,342 94
Railway subsidies	3,201,220 05
Expenses of loan of 1897	3,786 87
Allowance to Manitoba (under 61 Vic., cap 4).....	267,026 43
Amount paid to Manitoba (under 61 Vic., cap 4).....	231,292 82
	\$9,639,669 11
Less surplus	\$4,837,749 00
Sinking fund	2,482,484 65
Refund account, N.W.T. rebellion.....	1,853 41
Con. fund transfer.....	534 36
	7,322,621 42
Increase of net debt	\$2,317,047 69

This increase of the public debt, Mr. Speaker, is somewhat larger than I at one time expected, but it is, notwithstanding, a very moderate increase of the debt, having regard to the very large undertakings in which we have been engaged. When I stated that it was somewhat larger than some of us anticipated, one of my hon. friends opposite said, 'Hear, hear.' There is a popular idea, I know, in some quarters that the increase of the public debt, under this administration, has been very large. No statement is more unfounded. There is absolutely no ground for any statement of that character, if a fair comparison be made between the expenditure of the present government and that of our predecessors. I have here a comparative statement of the public debt for two periods. I take first the period from 1878 to 1896, eighteen years:

Net debt July 1, 1878.....	\$140,362,069 91
" 1896.....	258,497,432 77
<hr/>	
Increase for eighteen years.....	\$118,135,362 86
Average increase per annum for eighteen years.....	\$ 6,563,075 71
<hr/>	
I now present a similar statement for the three years from 1896 to 1899:	
Net debt July 1, 1896.....	\$258,497,432 77
" 1899.....	266,273,446 60
Increase for three years.....	\$ 7,776,013 83
Average increase per annum.....	\$ 2,592,004 61

But, this statement, favourable as it is, hardly tells the whole story. Of the expenditures of the last three years, about two and a half millions, in round numbers, have been expended in paying obligations entered into by the late government, or obligations which existed prior to this government coming into power, and which should have been met by the previous government. If you take this two and half millions from our expenditure, and hold this government responsible only for that portion of the increase of debt which is represented by their own outlay for charges occurring subsequent to their coming into office, you will find that the average annual increase of the public debt under this administration has been only about \$1,700,000, against about \$6,500,000 for every year of the government of their predecessors. The other day, when some reference was made in the course of discussion to large expenditures on the part of this government, the question was asked what we had got for them, and an hon. gentleman opposite said 'nothing.' But let me call attention to two or three items of our expenditure for the last three years, that the House and the country may judge whether these expenditures have produced nothing for the good of the country. I have here a statement of the expenditures on canals, public works, Intercolonial Railway and railway subsidies for two periods of three years—the three years 1894-5-6, and the three years 1897-8-9. All these expenditures are chargeable to capital.

So it will be seen that, if we have a larger expenditure in the aggregate, we are able to point to such items as these to show that this expenditure has been applied to services absolutely necessary for the 'growing time' in Canada.

FISCAL YEAR 1899-1900.

I turn now to the affairs of the year of which some eight months have passed. I estimate that the total revenue for this year will pass the fifty million mark. Our expenditure up to the first of the present month was \$25,018,290. It will be necessary to make a somewhat liberal allowance for the expenditure of the remaining portion of the year. Last year, it will be remembered, parliament closed at a very late date. The Minister of Public Works (Mr. Tarte) was, unfortunately, absent, through illness, and very many of the grants which were appropriated in his department were not expended. But arrangements have since been made, and I have no doubt that during the working season between now and the 1st of July, very liberal expenditures will have to be made. We make allowances for liberal expenditures on that account, and I estimate that the expenditure of the year will be \$43,175,000. I anticipate, making our calculations and keeping our accounts in exactly the same way as our predecessors, that at the close of the fiscal year we shall have a surplus of \$7,525,000, the largest surplus in the history of Canada. I may find myself tempt-

STATEMENT OF Expenditure chargeable to Capital, &c., Six Years.

	Canals.	Public Works.	Intercolonial Railway.	Railway Subsidies.	Total.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1894.....	3,027,164 19	102,058 94	439,209 14	1,229,885 10	4,798,317 37
1895.....	2,452,273 65	102,332 80	327,605 06	1,310,549 10	4,192,820 61
1896.....	2,258,778 97	114,825 58	260,395 54	3,228,745 49	5,860,345 58
Total	7,738,216 81	319,277 32	1,027,209 74	5,769,179 69	14,877,880 56
1897.....	2,348,636 91	129,237 76	190,569 81	416,955 30	3,085,399 78
1898.....	3,207,249 79	198,935 69	252,756 80	1,414,934 78	5,073,877 06
1899.....	3,899,877 31	325,236 40	1,081,929 74	3,201,220 05	8,508,263 50
Total	9,455,764 01	653,409 85	1,525,256 35	5,033,110 13	16,607,540 34

ed to infringe on the copyright of the Postmaster General (Mr. Mulock), and inscribe on the public accounts 'We hold a vaster surplus than has been.'

Coming now to the capital account for the current year, our expenditure to the 1st of March has been \$5,341,452. We have large expenditures on railways, on canals, and on public works yet to make. We have provided liberally for these. Then, we have this year a service of an exceptional character, which we are proud to mention, a service which is not for ourselves, but for the empire, for the maintenance of our troops in Africa. We have a large expenditure to make on that service. I desire to speak of the public debt of the year with some caution, because I know that one may easily err, and I know that the increase last year was somewhat more than I anticipated, but, looking at the matter carefully, making the best estimates one can for the year of which four months are yet to elapse, I am of the opinion, and I think that opinion will prove to be correct, that, during this current year we will pay all the liberal outlay on ordinary account that hon. gentlemen opposite talk of so often; we will pay all the capital charges we occasionally hear about; we will pay all the railway subsidies; we will pay every dollar of the expenditure required to the 1st of July for our troops in South Africa—and, at the end of the year, we shall not have added one dollar to the public debt.

Mr. GEORGE E. FOSTER (York, N.B.) May I interrupt the applause for a moment? The hon. gentleman (Mr. Fielding) did not tell us what he supposed the total capital expenditure would be, he was so anxious to get to that debt business.

The MINISTER OF FINANCE. My hon. friend (Mr. Foster) is quite right. The total capital expenditure, I estimate, will reach \$9,875,000. Our position financially, therefore, is a very strong one. We have not a dollar of floating debt at this moment; and though, as every hon. member connected with finance is aware, we have been pass-

ing through a period of great stringency in the money world, it is gratifying to us to know that we have been able to bear these difficulties and not go upon the money market at all.

FISCAL YEAR 1900-1.

I have spoken of the year 1898-9, ending in June last, and I have spoken of the current year which will end on the 30th of June next. We have placed on the Table the main estimates for the year beginning the 1st of July next, and supplementary estimates will follow in due course. I do not think it is necessary at present to go into any speculation as to the finances of next year, further than to say this, that great as have been the progress and prosperity of Canada during the past two or three years, we have no reason to believe that there is going to be any early check to that prosperity. I do not think it is reasonable for us to look forward to a continued period of such prosperity as we have had. As I ventured to remark on a previous occasion, the pendulum that swings one way may some day swing back, and it is always well that we should keep that in mind. But so far as we can see now, there is no turn of the tide; there is every reason to believe that the next fiscal year will be one of prosperity in Canada, and that we shall come out of it at the close with a good financial statement.

I invite the attention of the House for one moment to an item that has only recently appeared in our public accounts, which has taken a great deal of our money, and which swells the expenditure which hon. gentlemen opposite like so well to speak of. I desire to call the attention of the House to it as an evidence of the fact that a mere increase of expenditure is not in itself an evidence of an increasing burden to the people; but there may be cases in which increasing expenditures, far from being a burden, actually tend to reduce the burden of the taxpayer. I have here the figures of the Yukon Territory, receipts and expenditures, for three years, which I will read to the House:

YUKON TERRITORY.

REVENUE.

—	1896-7.	1897-8.	1898-9.	Total.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Interior.....	8,593 00	735,485 09	1,261,816 30	2,005,894 39
Post Office.....	50 00	2,083 50	9,461 28	11,594 78
Customs.....	9,873 24	63,185 39	482,098 55	555,157 18
Totals.....	18,516 24	800,753 98	1,753,376 13	2,572,646 35

EXPENDITURE.

Interior.....	5,998 47	47,026 65	223,526 24	276,551 36
Post Office.....	40 00	43 33	21,950 39	22,033 72
Customs.....	3,938 78	3,239 09	28,931 88	36,109 75
Public Works.....	.....	14,000 00	68,619 32	82,619 32
Railways and Canals.....	.....	4,996 00	55,952 92	60,948 92
Justice.....	.....	933 97	12,646 98	13,580 95
Mounted Police.....	22,134 76	495,770 08	874,882 72	1,392,757 56
Militia.....	.....	99,975 75	387,763 41	487,739 16
Totals.....	32,112 01	665,984 87	1,674,243 86	2,372,840 74

Though this Yukon statement swells up the total expenditure, though it gives hon. gentlemen opposite an opportunity to talk of our great expenditure, still the same account shows that the Yukon has also been actually the source of a small net revenue.

SURPLUS AND DEFICIT.

I will now say a word as to surpluses and deficits. I do not know that it is absolutely necessary for the prosperity of a country that we should always have a surplus. We cannot properly say there may not be circumstances in which a government would be well justified in having a deficit. Still, I suppose we shall all agree that it is well to have a balance on the right side, and it is better to have a series of surpluses than a series of deficits. Seeing then that some of our critical friends have been disposed to predict that great disaster would come from the financial management of this government, it may not be without interest to present a comparative statement of the surpluses and deficits for two periods of three years:

	Deficit.
1893-4	\$1,210,332 45
1894-5	4,158,875 58
1895-6	330,551 31

Total deficit for three years..... \$5,694,759 34
Average annual deficit 1,898,253 11

We now turn to the period when deficits cease and surpluses begin. In the year 1896-7 we had only a partial command of the finances of the country; because, it will be remembered that the estimates were prepared by our predecessors, and owing to the circumstances under which parliament met in the summer of 1896, it was found necessary to accept those estimates for carrying on the business of the country, with very little change. But, of course, by keeping some check upon the expenditure we had a partial control, and while it was expected by our opponents that that year would result in a very heavy deficit, we had the satisfaction at the close of the year of finding that the deficit was only \$519,981.44. In the two following years we had handsome surpluses, as will be seen by the following statement:

	Deficit.	Surplus.
1896-7	\$519,981 44	
1897-8		\$1,722,712 33
1898-9		4,837,749 00

Total surplus for three years.. \$6,040,479 89
Average annual surplus 2,013,493 29

Deficit, three years, 1893 to 1896.... \$5,694,759 34
Surplus, three years, 1896 to 1899.... 6,040,479 89

Betterment, last three years... \$11,735,239 23

That statement, be it remembered, takes no account of the surplus for the present year of \$7,500,000.

FUTURE INTEREST CHARGES.

Sometimes hon. gentlemen opposite are a little anxious as to the future of our Dominion in regard to its finances. It will be interesting for those who have not given attention to the subject—for, of course, I know that several hon. gentlemen opposite are quite as familiar, perhaps more familiar, than I am with these things—to know that the obligations of Canada which will begin to mature very shortly in the mother country bear a high rate of interest. The time will come, within a few years, when we shall have to redeem obligations to the amount of \$167,000,000. But against that we will have \$67,000,000 of sinking fund, so that we shall have to borrow within the interval between now and the year 1913, for the renewals of old debts, \$100,000,000. We may, in the meantime, have to make some additions to our public debt for the carrying on the public works of the country, although we are developing a marvelous capacity for carrying on these works without adding anything to the public debt. We cannot always expect to have as prosperous times as we have now, and it may be necessary, to meet these great expenditures of a practical character, to add something to the public debt in the meantime. I assume that we may have to add \$2,000,000 a year on the average, and also to retire the old debt to the amount of \$100,000,000. I believe we shall be able, at the time mentioned, owing to the great improvement to the credit of Canada—an improvement which I do not pretend for one moment is due entirely to this government, because the credit of Canada occupied a good position when we came in, and I hope we have improved it—we shall be able to float our new loans at a much lower rate of interest than the old loans bear. The difference between the rate that these old loans bear and the rate at which we shall be able to borrow, looking as far to the future as we can, is so great that I believe that ten or twelve years hence we shall find ourselves in the happy position that, even

though we should have to add \$2,000,000 a year to the public debt, we shall actually be paying less money for interest on our debt than we do to-day.

PER CAPITA EXPENDITURE.

I wish to ask the attention of the House now to a question which is so much talked about, of the large expenditures of the government, and generally to the question of extravagant expenditures. I think that no fair discussion of that question can take place unless hon. gentlemen opposite are prepared to take up the expenditure, item by item, and show wherein there is an expenditure which has been wasteful or unnecessary. I think that every fair-minded man in Canada, who is interested in such matters, will feel that he is bound to analyse their character before he forms any judgment against the expenditures of this government. I know that many men take a general view of these matters, and, even in the general view it will be found that this government has not been anything like the extravagant government which hon. gentlemen opposite would picture it to be. I have here a statement of the expenditure, chargeable to consolidated fund, per head of the population, for the last twenty years, and I find that, according to this statement, taking statistics of population as given by the statistician of the Department of Agriculture, our expenditure for last year was \$7.88 per head, not the largest expenditure in the history of Canada.

Mr. FOSTER. Is that the total expenditure?

The MINISTER OF FINANCE. It is the expenditure chargeable to consolidated fund only. There are several years in which the expenditure was about \$7.88 per head, and in one year, 1886, which was somewhat exceptional, it was \$8.50 per head. In 1888, the expenditure was \$7.84 per head, while ours is \$7.88 per head. I have already pointed out that, while there is an apparent increase of the expenditure, it is only a nominal increase, inasmuch as it does not carry with it any burdens upon the people. I have given the House the illustration of the case of the Yukon; for every dollar of increased expenditure we have received

a dollar back, and I might also say that, for every dollar we have expended on the working expenses of the Intercolonial Railway, I think we shall receive a full dollar back, so that these increased expenditures are more nominal than real. Even treating them as real and taking that general view that so many people are likely to take, I would point out that this expenditure was last year, \$7.88 per head of the population, based upon the statistics of the Department of Agriculture. I understand that the gentleman who has charge of that branch of the public business makes his estimates from year to year upon a well established scale of percentages based upon the past increase of population. Of course, it is only an approximate statement. In dull times, when business is not prosperous, when the country is not growing, this approximate statement will, probably, be above the true statement, while in times of great activity this statement will be below the true statement, and I have no hesitation in saying, from such means as I have of inquiry and observation, that the figures in this statement, based upon the method of calculation pursued in the past, do not represent correctly the population of Canada. The population, in 1899, is put down at 5,312,500. But, I think my hon. friends opposite will agree with me in what I said a moment ago, that this approximate statement is likely to be an excessive statement in hard times, and an under-estimate in good times, and that being the case, we may reasonably believe that in these prosperous times in Canada, the population is greater than is given in this statement. If that be so, then our expenditure per capita is actually below what it was in some of the years of the late government.

Mr. FOSTER. Is the hon. gentleman (Mr. Fielding) going to take up the expenditure per head on both lines?

The MINISTER OF FINANCE. I do not take up the capital expenditure, but I shall be glad, at a later stage, to look into that. I have not the figures with me. I have already shown that the capital expenditure is larger than when hon. gentlemen opposite were in power, but, in dealing with that branch of the subject we shall have to bear

in mind the question whether we were prepared to finish the canals quickly or carry them on quietly.

Year.	Expenditure, Consolidated Fund.	Population.	Expenditure
			per Capita.
	\$ cts.		\$ cts.
1880.	24,850,634 45	4,215,389	5 90
1881.	25,502,554 42	4,336,504	5 88
1882.	27,067,103 58	4,383,819	6 18
1883.	28,730,157 45	4,433,363	6 48
1884.	31,107,706 25	4,485,395	6 94
1885.	35,037,060 12	4,538,790	7 72
1886.	39,011,612 26	4,589,414	8 50
1887.	35,657,630 16	4,638,109	7 69
1888.	36,718,494 79	4,688,147	7 84
1889.	36,917,834 76	4,739,617	7 79
1890.	35,994,031 47	4,792,605	7 51
1891.	36,343,567 96	4,846,377	7 50
1892.	36,765,894 18	4,899,273	7 50
1893.	36,814,052 90	4,953,557	7 45
1894.	37,585,025 52	5,009,296	7 50
1895.	38,132,005 05	5,066,562	7 53
1896.	36,949,142 03	5,125,436	7 21
1897.	38,349,759 84	5,185,990	7 39
1898.	38,832,525 70	5,248,315	7 39
1899.	41,903,500 54	5,312,500	7 88

GROWTH OF DOMINION TRADE.

I wish to submit a statement of the total trade of Canada for different periods. There are various ways of measuring the prosperity of the country; the population is one, the value of land is another, and the total trade is another. I think we can appeal to every one of these to prove that Canada is prospering to an unprecedented degree to-day. I speak particularly of the statement of the total trade. I shall divide the statement into three periods, beginning with the period from 1868 to 1878, which I may describe as a low tariff period. There was a Conservative government in power for part of the time and a Liberal government for part of the time, when we had a much lower tariff. Then, we had the period from 1878 to 1896, which, I suppose, my hon. friends opposite do not object to my calling a high tariff period. Then, we have the period from 1896 to the present time, which, if not a very low tariff, is certainly a period of a moderate revenue tariff.

Some hon. MEMBERS. Oh, oh.

The MINISTER OF FINANCE. Now, I find that the total trade in 1868 was \$131,027,532; in 1878, \$172,405,454, an increase in

ten years, in the low tariff period, of \$41,377,922, the percentage of increase in the ten years being 31·58 per cent, and the average annual increase \$4,137,792. Now we come to the period from 1878 to 1896. The total trade in 1878 was \$172,405,454, and in 1896, it was \$239,025,360. The increase in eighteen years was \$66,619,906, the percentage of increase in eighteen years was 38·64, and the average annual increase was \$3,701,105. Now we come to the period of a moderate tariff. The total trade for 1896 was \$239,025,360, and the total trade for 1899 was \$321,661,213, an increase in three years of \$82,635,853, against an increase of \$66,000,000 in the whole eighteen years of the national policy. The average annual increase in this present period has been \$27,545,284, against an average annual increase of \$3,701,105 in the period of the national policy. The percentage of increase in our three years is 34·57, as against 38·64 in the eighteen years of the national policy. We have a statement of our trade for the eight months of the current year, and I shall present an approximate estimate for the remaining four months. If our trade for the coming four months should keep pace with the progress of the last eight months, we would then have the increase for the four years over 1896 at \$135,227,247. The average annual increase for the four years would be \$33,806,811, against an average annual increase of \$3,701,105 in the days of the national policy. The percentage of increase in the four years would be 56·57, as against a percentage of 38·64 in the eighteen years of the national policy. Now, converting this into a statement of the annual increase, we find that in the low tariff period from 1868 to 1878, the total trade increased 3·15 per cent, and from 1878 to 1896, it increased 2·14 per cent. There was a lower rate of increase of trade under the national policy than there was under the old Macdonald-Mackenzie tariff. From 1896 to 1899, the annual increase is 11·52 per cent, as against 2·14 per cent in the days of the national policy. If we take the eight months actual figures of the present year, and the four months estimate, we will find that the annual increase in the four years is 14·14 per cent, as against 2 per cent in the days of the national policy.

MR. WALLACE. At what do you estimate the total trade for the current year (1900) ?

THE MINISTER OF FINANCE. I have given the increase, but I have not at hand the figures on which it is based. The increase for the four years over 1896 is estimated at \$135,227,247.

CANADA.

Statement of the total trade of Canada for the several periods mentioned.

Total trade, 1868.....	\$131,027,532
" 1878.....	172,405,454

Increase in ten years..... \$ 41,377,922

Average annual increase 4,137,792

Percentage of increase in ten years.. 31·58

Total trade, 1878.....	\$172,405,454
" 1896.....	239,025,360

Increase in eighteen years

Average annual increase..... 3,701,105

Percentage of increase in eighteen years

38·64

Total trade, 1896.....	\$239,025,360
" 1899.....	321,661,213

Increase in three years

Average annual increase..... 27,545,284

Percentage of increase in three years. 34·57

Memo.—If our trade for the remaining four months of the present year keeps on in the same proportion to the past eight months' trade as it did in the previous year, the increase of the four years over 1896 would be.... \$135,227,247 Being an average annual increase of. 33,806,811 And a percentage of increase in the four years of..... 56·57

Average Annual Increase per cent for Total Trade for the Several Periods.

	Per cent.
1868 to 1873	3·15
1878 to 1896	2·14
1896 to 1899	11·52
1896 to 1900 (four months of 1900 being estimated)	14·14

I have a statement showing the increase of trade during the past eight months of the year, and it is as follows:

CANADA.

Comparative figures of the Trade of Canada for the first eight months, ended March 1, of years 1899 and 1900.

Imports, exclusive of coin and bullion, eight months, 1899..... \$ 96,342,331

Imports, exclusive of coin and bullion, eight months, 1900..... 115,228,940

Increase last eight months..... \$ 18,886,609

Exports, produce of Canada, exclusive of coin and bullion, eight months, 1899..... \$ 96,810,264

Exports, produce of Canada, exclusive of coin and bullion, eight months, 1900

110,058,428

Increase last eight months

\$ 13,248,164

Aggregate trade, including imports and exports, produce of Canada, coin and bullion excluded, for the eight months, 1899.....	\$193,152,595
Aggregate trade, including imports and exports, produce of Canada, coin and bullion excluded, for the eight months, 1900.....	225,287,368
Increase last eight months.....	\$ 32,134,773

GOVERNMENT NOTES AND BANK CIRCULATION.

I have here some comparative statements which are usually presented in a budget speech, respecting the circulation of notes of the chartered banks and of the Dominion government. That statement is as follows :

Circulation of Notes of Chartered Banks and Dominion Government.

Date.	Banks.	Government	Total.
Oct. 31, 1894	34,516,651	22,212,884	56,729,535
" 31, 1895	34,671,028	22,893,259	57,564,287
" 31, 1896	35,955,150	21,607,553	57,562,703
" 31, 1897	41,580,928	24,751,932	66,332,860
" 31, 1898	42,543,446	24,315,988	66,859,434
" 31, 1899	49,588,236	27,076,309	76,664,545

There is no better criterion of the general business activity of the country than the circulation of the small notes—the \$1 and \$2 notes, such as a wayfaring man, even though he may be a member of parliament, may expect to get hold of. The larger notes get into the hands of the more favoured people, but the average of mankind is fortunate to possess these \$1 and \$2 bills. It is one of the best tests of the activity of the trade of the country. Taking the figures at the highest point in each year, which is the time the harvest is being moved, at the end of October, I find the circulation of Dominion notes (\$1 and \$2) was as follows :

Dominion Notes of Denomination of \$1 and \$2 in Circulation.

Date.	Amount.
October 31, 1894.....	\$7,031,368
" 1895.....	7,295,368
" 1896.....	7,583,712
" 1897.....	7,940,520
" 1898.....	8,612,602
" 1899.....	9,421,886

BANK CLEARINGS.

The bank clearings, which business men recognize as one indication of some value as to business activity, were as follows, for the past three years, in the six cities of Montreal, Toronto, Winnipeg, Halifax and St. John. I may state that the clearing house at St. John, was only established in 1896 :

Bank Clearings in Six Cities of Canada.

Year ended December 31, 1897.....	\$1,174,710,345
" " 1898.....	1,390,019,344
" " 1899.....	1,549,966,696

This shows an enormous increase in the bank clearings.

BANK DISCOUNTS.

The discounts of the chartered banks of Canada from the year 1894 to the 31st January, 1900, were as follows :—

Discounts—Chartered Banks of Canada.

Date.	Amount.
June 30, 1894.....	\$224,371,222
" 1895.....	224,627,632
" 1896.....	224,507,301
" 1897.....	226,960,482
" 1898.....	245,336,120
" 1899.....	283,713,933
January 31, 1900.....	301,694,768

SAVINGS BANK AND CHARTERED BANK DEPOSITS.

The deposits in the chartered banks, and in the post office and government savings banks, were as follows, for the periods mentioned :

Deposits by the people in the Chartered Banks of Canada and in the Post Office and Government Savings Banks.

Date.	Chartered Banks.	Post Office and Government Savings Banks.	Total.
June 30, 1894	\$174,930,936	\$43,036,012	\$217,966,948
" 30, 1895	180,664,121	44,450,498	225,114,619
" 30, 1896	183,769,992	46,799,318	230,569,310
" 30, 1897	201,141,688	48,934,975	250,076,663
" 30, 1898	227,063,343	50,111,118	277,174,461
" 30, 1899	258,402,340	50,241,715	308,644,058
Jan. 31, 1900	269,841,396	51,562,908	321,404,304

RAILWAY TRAFFIC.

I have here a brief statement which will occupy only a few minutes, summarizing

the railway traffic for the past two years.
It is as follows :

Miles in operation—	
1898.....	16,718
1899.....	17,250
Number of passengers carried—	
1898.....	18,444,049
1899.....	19,133,365
Number of tons of freight carried—	
1898.....	28,785,903
1899.....	31,211,753
Gross earnings—	
1898.....	\$59,715,105
1899.....	62,243,784
Working expenses—	
1898.....	\$39,137,549
1899.....	40,423,281
Net earnings—	
1898.....	\$20,577,556
1899.....	21,820,503

LAND SALES IN THE WEST.

A very interesting statement, which I will only present in brief, though hon. gentlemen in the west would perhaps find it of special interest, is one showing the sales of lands made by the Dominion government and the Canadian Pacific Railway Company in the North-west. In 1895, 1896 and 1897, the Canadian Pacific Railway returns show that they had actually sold no land in those years ; or, to put it in other words, the sales of land had not been as great as the cancellations of previous sales. In 1898, the company sold 192,918 acres, and in 1899, they sold 266,874 acres. The sales of Dominion lands, the receipts being in cash and scrip, were as follows :

1895-6.....	\$ 93,303 63
1896-7.....	66,264 91
1897-8.....	109,096 78
1898-9.....	137,905 93

These figures are very suggestive of the growth and progress of our great western country.

Mr. FOSTER. Has the hon. gentleman the distinction between the cash and scrip received ?

The MINISTER OF FINANCE. I had it, but it is not on my notes. I will furnish that to the hon. gentleman if he wishes it.

Mr. FOSTER. I would like to see it.

The MINISTER OF FINANCE. I will try to bear it in mind.

IMMIGRATION.

I have a statement of the immigrants arriving in Canada for a series of years, as follows :—

	By Ocean Ports.	From U.S.	Total.
1892	29,810	29,810	29,810
1893	29,455	29,455	29,455
1894	20,680	20,680	20,680
1895	18,617	18,617	18,617
1896	16,835	16,835	16,835
1897	19,304 712	712	20,016
1898	22,781 9,119	9,119	31,900
1899	32,598 11,945	11,945	44,543

There do not appear to be statistics as to the immigration from the United States in the years prior to 1897, if there was such an immigration in those years.

Mr. CLARKE. Have you the information as to the nationality of the immigrants arriving at ocean ports during the last two or three years ?

The MINISTER OF FINANCE. No. Is there any particular nationality the hon. gentleman would want to shut out ?

Mr. CLARKE. I would like to get all the nationalities.

The MINISTER OF FINANCE. I am not aware whether the Department of the Interior has them. My hon. friend, the acting minister can perhaps look into that. A further illustration may be given by the importations of settlers' effects, which were as follows :

1896.....	\$ 2,188,975
1897.....	2,233,730
1898.....	2,828,675
1899.....	2,805,956

It will be seen that there has been a considerable increase in the last two years. I am glad, however, to be able to quote another authority as to the increase of immigration from the United States. My hon. friend, the leader of the opposition visited the city of Boston a few days ago, and there made a very patriotic speech, which does him infinite credit. In the course of that speech, he said :

Since September 27 last he had the opportunity of addressing fifty-seven public meetings in Canada, in every province, and at these meetings he had met hundreds of former citizens of the United States who had taken up their residence in Canada.

Mr. PRIOR. Could the hon. gentleman say whether—

Some hon. MEMBERS. Order, order. Sit down.

MR. PRIOR. Would the hon. gentleman say whether the leader of the opposition stated when these immigrants came to Canada?

THE MINISTER OF FINANCE. In the report of the hon. gentleman's very excellent and patriotic speech, I see no reference of that kind, and I do not imagine that my hon. friend drew any such distinction.

MR. FOSTER. I would like to ask the Finance Minister, what is the system of registration on which his statistics of immigrants coming from the United States, are based?

THE MINISTER OF FINANCE. I would have to ask my hon. friend the acting Minister of the Interior to deal with that point at a later stage. Knowing that there was this immigration, I sent for the figures to that department, which keeps the records.

MR. FOSTER. You do not know whether they are actual settlers on lands, or whether they are simply counted by our immigration officers, when they come in?

THE MINISTER OF FINANCE. At a later stage, perhaps the acting Minister of the Interior can look into that and give the information; I cannot give it.

IRON AND STEEL INDUSTRY.

A gratifying evidence of the increasing activity of recent years, and especially last year, has been the growth of enterprises of considerable importance for the manufacture of iron and steel. In the province of Ontario several new establishments have been started within the last year or two, and there is, I believe, every probability that the iron deposits of that province will be worked on a much larger scale than before. But the new enterprise which has probably attracted the most notice is that which is now being established in the old town of Sydney, in the Island of Cape Breton. There a company of capitalists, largely Canadian, but led by a very able gentleman from the United States, is engaged in establishing what I believe will be one of the largest iron and steel plants in the world. The elements which go to the successful production of iron and steel are believed to exist in the vicinity of Sydney in an ideal condition. You

need coal, iron and limestone, and all these may be found in abundance in Cape Breton. In addition to that, they have the great advantage of having their coal at tide-water, and they can have what is practically a ferry communication with the magnificent iron deposits of Newfoundland. The company has acquired one of the most valuable iron deposits in the world in Newfoundland, and contemplates using the ores of that colony as well as the ores of the Island of Cape Breton. There are at this moment, I am advised, 2,000 men at work, even at this inclement season, getting the works in shape; and within the next two months, as soon as spring opens, and the opportunity comes of working on a larger scale, I am informed, that the number of men employed will be nearly doubled. The company has ample capital and is likely to engage in operations on a very large scale. The old town of Sydney, while always a beautiful place and full of historic interest, was not very progressive; but it is to-day experiencing a boom such as is often heard of in the western country, but seldom happens in our quiet towns down by the sea. Sydney is likely to become the Pittsburg of Canada. There is to-day, I believe, as great a demand for town lots in Sydney as there is in some of the older cities with ten times its population. Every indication points to a great and successful enterprise, one which is likely to be productive of great advantage to Canada, and no doubt also to the enterprising capitalists who have put their money into it. There is a feature that I may be pardoned for making a passing allusion to, though possibly it may be a little bit of vanity on my part. I feel a certain interest in the matter, not because I happened to be the medium through which the government put before parliament its legislation on that subject, not because last year I introduced, on behalf of the government, our legislation with reference to bounties, by which we continued the system that had been in existence during the four years previous, another period of years, but for another reason. I should not have great hope of the mining industry in Sydney if I thought it would have to rely for its success upon the continuance of the bounty system, and I am glad to know that those gentle-

men who have put their capital into it, look to the day when that industry will flourish without the aid of government bounties, because they have put their money into this enterprise on the faith of the Act passed by this parliament by which the bounty is to be diminished from year to year until before many years it will cease altogether. But it is not particularly the legislation of last year that I had in mind. What I desire to note is that this great enterprise in Cape Breton is the direct outcome of another great undertaking, led by the same enterprising American citizen, which I had the honour of submitting to the legislature of Nova Scotia for its approval, when I occupied the position of Prime Minister of that province. When I remember the struggle I had to make for my political existence to get that measure through, when I recall the fact that its opponents carried their hostility to Ottawa and into the Governor General's office, I can look back with pride and satisfaction to the movement of that day, and feel that time has vindicated that policy of the Nova Scotia government, and that the enterprise then started has been fruitful of advantage to the province and the direct cause of the creation of this new enterprise which bids fair to make the town of Sydney the Pittsburgh of Canada.

MINERAL STATISTICS.

Perhaps the House will pardon me if I place in the budget speech the mineral statistics of Canada, which may be stated briefly in a few lines, as taken from the report of the Geological Survey :

Total Value of Mineral Products of Canada.

1890.....	\$16,763,353
1891.....	18,976,616
1892.....	16,628,417
1893.....	20,035,082
1894.....	19,933,857
1895.....	20,758,450
1896.....	22,584,513
1897.....	28,661,430
1898.....	38,661,010
1899.....	46,245,878

UNITED STATES AND CANADIAN FOREIGN TRADE.

I presented last year, simply as an interesting item of comparison, because it is not properly a matter pertaining to the budget, some figures showing the relative trades of

the United States and Canada, and I think they were found quite interesting and by many surprising. It is well that we should recognize that the United States is a more self-contained country than Canada. They have a greater variety of soil and climate than we, and are able to obtain, in the way of domestic trade, many products which we have to obtain from foreign countries. In that respect, perhaps, our American neighbours have the advantage of us, but we enjoy this compensation, that in this more northern clime we have a bracing climate, which probably, more than any other in the world, is conducive to the bringing up of a race of strong men and women.

The domestic exports of the United States in 1898 were \$16.05 per head, and those of Canada in the same year amounted to \$27.54 per head.

The total foreign trade of the United States in 1898 was \$24.60 per head, and that of Canada \$56.29 per head.

I have also the figures for 1899. The domestic exports of the United States in that year were \$15.84 per head and of Canada \$25.85 per head. The total foreign trade of the United States in 1899 amounted to \$25.31 per head, and that of Canada to \$58.90 per head.

THE TARIFF REDUCTIONS.

Let me say something on the question of the extent to which this government has carried out the policy of tariff reform. My hon. friend, the leader of the opposition, has once or twice spoken of the extent of our tariff reform as 71-100ths of 1 per cent, while his hon. friend, who sits near him (Mr. Foster), and who is perhaps more accustomed to deal with figures, has placed it, in a resolution on the journals of the House, at 1·71 per cent, which is a great deal more than the statement of the hon. leader of the opposition. However, neither statement is exactly correct. I have here a statement prepared in the Customs Department, showing the imports for consumption during the fiscal year of 1898-9 to be \$154,051,593, on which the duty collected amounted to \$25,734,228.75. This, however includes the sum of \$38,384.69, which was collected in the year 1897-8, but not credited to the Receiver General until 1898-9. The value of the importations upon

which this sum was paid by way of duty is not included in the total value of imports for consumption for 1898-9, nor was it included in the previous year. It should, therefore, be deducted in striking the average ad valorem rate of duty on last year's imports.

The sum of \$54,109.84 was refunded under the preferential tariff on importations of last year and it should, therefore, also be deducted in striking the average ad valorem rate. The goods covered by such amount refunded were originally entered under the general tariff owing to absence of necessary certificates of origin. On production of such certificates refund was allowed. Deducting these, we have the following statement:

Net revenue on importations of fiscal year 1898-9.....	\$25,641,734 22
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Importations for consumption for the fiscal year 1898-9.....	\$154,051,593
Less coin and bullion	4,705,134
	\$149,346,459

Net duty paid thereon.....	\$25,641,734 22
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Average ad valorem rate on importations, less coin and bullion.....	17·17
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Compare this with 1895-6:

Importations for consumption for fiscal year 1895-6.....	\$110,587,480
Less coin and bullion	5,226,319
	\$105,361,161

Duty paid thereon.....	\$ 20,219,037
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Average ad valorem rate on importations, less coin and bullion.....	19·19
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Rate, 1890	19·19
" 1899	17·17

Difference	2·02
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Now, 2·02 may strike some persons as a very small reduction, but it is a very substantial reduction if you look at it in the right way. It is equivalent to a reduction of 10½ per cent off the total duties. And if you convert it into dollars, you will find that if the old tariff had been in operation and imposed upon the importations to which I have referred, the duty which the people would have been obliged to pay would have been \$3,017,000 more than they actually paid.

I wish to point out, however, that the average ad valorem duty is not a fair measure of the tariff reform. You could have a

large measure of tariff reform without reducing the ad valorem duty a single point. If you should increase your duties on luxuries and diminish them on things which may be regarded as the necessities of life, you could by such a process have a very great tariff reform, and yet your average duty might be just the same as before or higher. Consequently the system of averages is somewhat misleading. When hon. gentlemen desire to know what the tariff reform has been, they must take up the individual items of the tariff. Under our tariff, we added materially to the free list. There were besides 148 items on which the duties were reduced in the general tariff, and on every one of these items, in the case of importations from Great Britain, the duty was further reduced to the extent of the preferential rate. I think that will be an indication that there has been a very considerable measure of tariff reform. Then, there is another point to be remembered. Even taking your average, you have saved, not only 2·2 per cent on your imports, but you have saved also 2·2 per cent on your purchases of goods from the home manufacturers. We all know that as a rule—there are exceptional cases, of course—the price of the home product is influenced by the duty on the foreign article. So, when our tariff was readjusted and this reduction was made, the reduction not only affected all the articles imported, but it obliged the home manufacturer to reduce his price to correspond with the price of the imported article under the reduced duty. And he was able to do that by the increased volume of business he was doing. Therefore, the people received the advantage of that reduction and the manufacturer did more business than ever before.

So it will be seen, I think, that there is a very large reduction in the tariff. Hon. gentlemen opposite delight to say now that there has been no reduction at all. They say that our tariff is only the old national policy. I am obliged to refer to this again, because the view is so often expressed by hon. gentlemen opposite. My hon. friend from East Huron (Mr. Macdonald), read a quotation the other evening, to show what was thought of our policy when we brought it down. It was not spoken of by these hon. gentlemen as the national policy then.

May I be permitted to read again the words of the leader of the opposition on the tariff of 1897 :

The result is that this tariff goes into operation and the hon. gentleman knows that the industries of this country are already paralysed in consequence, while hon. members gloat over the destruction of Canadian industries. I was reading the wail, the sorrowful wail, of those industries in the Montreal 'Gazette,' where one manufacturer after another declared that those industries were ruined, that their mills must close, and that they saw staring them in the face a return to the deplorable state of things that existed when the hon. gentleman who last addressed the House was in charge of the fiscal policy of this country. I say that a deeper wrong was never inflicted upon Canada.

I feel that so far from rejoicing at it from a party standpoint, I deplore from the bottom of my heart the ruin that is going to be inflicted upon the best interests of Canada and upon its great industries. Still, I毫不犹豫地 say that, from a party point of view, the hon. gentlemen are doing our work; they are showing the people of this country that no reliance can be placed upon the most solemn declarations that they make either in the House or out of it; they are showing the people of this country that, having obtained power, which was all they wished for, they are now prepared to abuse that power at a cost of a sacrifice of the industries of Canada.

Sir CHARLES TUPPER. May I ask my hon. friend (Mr. Fielding), if he thinks it is fair, I do not say to the House, because he does not expect, I am sure, to impress the House with a statement of that kind, for everybody here understands the question, but does he think it is fair to the country, to read a speech made by me upon an entirely different condition of things from that which exists to-day, and to present that as a criticism of the tariff ? The hon. gentleman knows—

The MINISTER OF FINANCE. My hon. friend (Sir Charles Tupper), may ask a question, but this is not the time for him to make a speech—

Sir CHARLES TUPPER. The hon. gentleman (Mr. Fielding), knows that he substantially changed the tariff.

The MINISTER OF FINANCE. My hon. friend will have an ample opportunity of presenting his views, and I am sure he will not expect to make a speech now. I was just coming to the point to which he refers. He has had many a bad quarter of an hour trying to explain that speech. He says that it applied to an entirely different state of affairs. When his attention was drawn to

this matter last year, he said that that speech applied to the tariff as the Finance Minister first brought it down, but that the Finance Minister had made changes a little later. That is the view he is suggesting now. If his criticism did not apply to the tariff so amended, that tariff must be all right. But we do not find that, at the time, the hon. gentleman said the changes made the tariff all right. He said we were blundering and muddling along and bringing affairs into hopeless confusion. Now, when we brought down that tariff, we did not imagine that wisdom would die with us. We knew that there were thousands of men in Canada able to give good opinions upon the tariff, opinions from which we might learn something. And, when we did learn something, we had the courage to come down and say so, and to make the change. And so, with the change in one item, and a change in another, here a little and there a little, we made it a good tariff. But, has the hon. gentleman (Sir Charles Tupper), said that it was a good tariff ? No, he and his newspaper organs throughout the country, and particularly the *Toronto Mail and Empire*, declared that we had ruined the national policy, that we had cut the duties unsparingly, up and down the line. Now, he would have us understand that these changes made the tariff all right, so that his criticism, which I have read, would not apply. But, that was not his position three days ago in this House. What did he say then ? When this quotation was read by my hon. friend from East Huron, the hon. leader of the opposition rose, but he had a different story to tell us then. He said that that criticism applied to the tariff of 1897, but that that whole tariff was changed in 1898. So, it was the tariff of 1898, to which he said his criticism must not be held to apply. I tell the hon. gentleman that we made those changes which were necessary and proper from the first draft of the tariff, and he and his organs throughout the country condemned that tariff as being as mischievous as before. And, the other night, he said that because we made the changes in 1898, we should not hold him responsible for this criticism, which applied to the tariff of 1897. But, what followed ? He had the opportunity, three days ago, to vote for the essential principle of the tariff of 1898, and

he hastened to put himself and his party in opposition to that principle; and, though he was not here at the time the vote was taken, he was paired, and thus his vote is recorded against it. And, so, Mr. Speaker, we have the tariff as brought down in the first draft, then the final draft of 1897, and then the tariff of 1898; and, from beginning to end, the whole was condemned by the hon. gentleman, who declared that it was going to prove disastrous to the interests of the country.

SIR CHARLES TUPPER. No.

THE MINISTER OF FINANCE. No? Then, if the tariff of 1898 was a good tariff, why did the hon. gentleman (Sir Charles Tupper), vote against the preference feature of it? It is too late for him to come and pretend—

SIR CHARLES TUPPER. The hon. gentleman (Mr. Fielding), has asked a question, will he not allow me to answer it?

THE MINISTER OF FINANCE. Yes.

SIR CHARLES TUPPER. I did not vote against the tariff of 1898; I voted against the statements made in the motion of the hon. member for Halifax (Mr. Russell), that I considered were untrue. But, I will ask the hon. gentleman (Mr. Fielding), this question: Was not the tariff of 1897 the Cobden medal tariff, and is the tariff of 1898 a Cobden medal tariff?

THE MINISTER OF FINANCE. My hon. friend (Sir Charles Tupper), would have been glad, not many years ago, to have had the Cobden medal. He poses as a great apostle of the national policy, but my memory carries me back to a time when men who were more loyal to the national policy than he was brought into this House a resolution to sustain certain features of the original national policy; and when the hon. gentleman found he was in a difficulty over it, he voted against the national policy rather than resign his office. I do not know that the tariff of 1897, or the tariff of 1898 has any relation to the Cobden medal; but, I know that they were good tariffs for the Dominion of Canada, and that under them Canada has prospered as never before in her history.

Now, I think my hon. friend had better cease trying to explain away his criticism of the tariff. He had better be frank enough to say, for I know he feels it, that he has made a mistake—we all do make mistakes, you know. He ought to say: I was wrong in 1897 and 1898; I did not understand the matter, and I am frank enough to say that you have brought down a good tariff under which Canada has prospered, and I congratulate you upon it. That is the course he should take, though he may not want to take it. If, in the face of all I have shown him; if, in the face of the goods transferred to the free list; if, in the face of duties reduced from over 50 per cent to 25 and 26 per cent; if, in the face of 140 items in the general tariff reduced; if in the face of the 25 per cent reduction under the preferential tariff; if, in the face of all light and all reason, he insists upon saying that this is the old national policy; then, I shall borrow the remark of the Minister of Customs (Mr. Paterson), and say that if this is the national policy, then the people of Canada will say: Better leave it in the hands of men, like the present government, who can get some good out of it, than to put it into the hands of men who, though they claim to have invented the machine, evidently never knew how to manage it.

TRADE WITH WEST INDIES.

I desire to make some reference now to a question which has frequently engaged the attention of the House. I refer to the West Indian trade. Many years ago the eastern provinces of Canada had a very large and prosperous trade with the West Indies. Unfortunately, in later years that trade did not flourish. From time to time various efforts have been made by several governments to improve those trade relations. Delegate after delegate has gone to the West Indies, but although every effort was made, I have no doubt, that was possible, very little good was accomplished. Two years ago, in 1898, in the hope that we might be able to improve matters somewhat, with the two-fold purpose of trying to extend our trade and at the same time, perhaps, lending, in a small degree, a friendly hand to the efforts which were being made by Her Majesty's govern-

ment to improve the condition of the British West Indies, I submitted to the House a proposal to extend to those colonies the benefits of the preferential tariff. I am frank to say now that the increase of trade under that preferential tariff with the West Indies has not been so great as we had hoped for. I realize, however, that the difficulties are great. While we gave a preference on national grounds to the products of the West Indies, our neighbours to the south gave a preference to the cane sugar of the West Indies in another form. Though they have no special legislation which says that cane sugar from the West Indies should be admitted on favourable terms, they have a system of countervailing duties whereby the beet sugar of Europe is subjected to extra duties, and the effect of that is that cane sugar is much sought for in the United States market. The difference in value between cane and beet sugar, owing to the difference in duty, is very considerable; and, naturally, the West Indian planter finds that market so attractive that he sends his cane sugar to Boston or to New York; and when he is there selling his sugar, it naturally follows that he has a strong disposition to buy needed articles, which he carries back with him. We recognize the difficulties of the case. I have here the figures of the trade, imports and exports, with the West Indies for a few years past:

Aggregate Trade with the British West Indies, including British Guiana, for past six years.

—	Imports.	Exports.	Total.
	\$	\$	\$
1894.....	1,769,206	2,401,783	4,170,989
1895.....	1,413,041	2,203,447	3,616,488
1896.....	1,395,423	1,935,336	3,330,759
1897.....	1,171,743	1,716,906	2,888,649
1898.....	753,397	1,785,071	2,538,468
1899.....	954,471	1,990,865	2,945,336

While I do not for a moment pretend that these are satisfactory figures, while I recognize that we ought to have, if possible, better trade relations with the West Indies, and this government is certainly desirous of doing everything that is reasonably possible to that end, I would call attention to the considerable improvement last year. Sev-

eral of the West India islands have entered into agreements with the United States whereby, in addition to the advantage which is already given to cane sugar under the system of countervailing duties, a further advantage may be granted to the products of the West Indies in exchange for advantages to be granted by the West Indies to the products of the United States. At this moment there are, as respects three of the islands, conventions pending before the United States Senate, and before the colonial legislatures, with a view to establish trade relations on that basis. If the several colonies in the West Indies should establish these arrangements with the United States, we would certainly be precluded from getting any special arrangements with them. What may be the result of these conventions, one cannot at this moment say.

RECIPROCITY WITH TRINIDAD.

There is one island in particular, however, with which we have recently had some negotiations. The island of Trinidad is one of the most prosperous islands of the West Indies. It has a population of about 300,000, one-third of whom are coolies, people from the East Indies; less than one-third are whites, and the remainder are negroes. Among all the islands of the West Indies there is not one with which we ought to be more desirous of cultivating trade relations. In addition to the market of Trinidad, the island stands in a particularly favourable situation for doing business with the neighbouring republic of Venezuela, which is connected, we may say, with Trinidad by little more than a ferry. It is only a few miles from Port au Spain to the ports of the Venezuelan republic. For all these reasons, we have been very anxious to deal with the colony of Trinidad if we could be met on fair terms. My hon. friend the Minister of Trade and Commerce (Sir Richard Cartwright), feeling the importance of this trade, sent out his Deputy Minister, Mr. Parmalee, one of the oldest and most experienced of our public officials, to make inquiry into the conditions of the West Indian trade. After going over these islands, and understanding the conditions of their negotiations with

the United States, he came to the conclusion that the island with which we ought to attempt to negotiate was the island of Trinidad. About the same time the colonial government of Trinidad was moved to approach Canada. Although the preferential tariff with the West Indies had not accomplished very much, it had this good effect, that it made the people of the West Indies aware of the desire of the people of Canada to deal in a friendly and brotherly way with them, and there have been frequent manifestations of good-will on the part of the Island of Trinidad towards Canada since the adoption of that preferential tariff. The colonial government sent to Ottawa a short time ago two gentlemen representing the island, the Hon. R. H. McCarthy, of the Customs Department of Trinidad, and the Hon. G. T. Fenwick, member of the executive council. These gentlemen were not commissioned to make any arrangement with Canada, to make any formal offer; but they did assure us that there was a strong desire on the part of the government and people of Trinidad to establish closer trade relations with the Dominion of Canada. They did not submit any formal offer, as I say; but they led us to believe that a proposal approximating to free trade between Canada and Trinidad would be the means of leading the people of that island to turn their eyes towards Canada rather than to follow the example of their sister colonies in making special treaties with the United States. Having fully considered the matter, having regard to the position of the other islands in their relations with the United States, and to the great importance of our obtaining relations with Trinidad if it could be done, we came to the conclusion to make a proposal to the colonial government. That proposal I now wish to submit to the House. It will be this day made public in the island of Trinidad, and come before the colonial legislative council, at a session which, I believe, is to be held on Monday next. On the 27th of February, a proposal was made to the colonial government in the following terms:

In view of your recent representations, if details can be satisfactorily arranged, Dominion government agree, subject to approval of Dominion parliament, free interchange of products of Trinidad and Dominion of Canada, except spirituous liquors and tobacco. Goods to be carried direct per ships between British West

Indies and Dominion of Canada. Detailed list of special articles comprising principal products of Trinidad and Dominion of Canada to be made, on which the duties against other countries remain the same as present rates in Trinidad and Dominion of Canada, or not to be made under minimum rates, to be fixed in accordance with agreement. Both governments to be free to make such commercial arrangements as may be desirable with any part of British dominions. Agreement to be for five years, and afterwards to continue until terminated after one year's notice has been given by either of parties.

We have not yet been placed in a position to know the views of the colonial government in regard to the proposal, but, this being the earliest moment at which we had an opportunity of submitting it to the House, we desire now to make its contents known. The substance of the proposal is that there should be, with a few exceptions, free trade between Trinidad and Canada, but it will be upon conditions that there shall be a preference in Canada over foreign countries, in favour of Trinidad, and that in Trinidad there shall be a preference in favour of Canada on the products which Canada may send to the Island of Trinidad. The scheme is one which, I think, will commend itself to the House. I do not, at this moment, know what will be its fate. We know that our brethren to the south of us are very active in cultivating trade relations with the West India islands. We know that they have already secured treaties with some of the islands, and we know that they have already made proposals to Trinidad. I take it that our Trinidad friends, while well disposed towards us, will look upon this to some extent as a business proposal. They will compare the advantages of our scheme with the advantages which may be offered by the United States. In due time, we shall receive further information on the subject, and at the present I do not think it is desirable to say more in regard to the proposition.

Mr. FOSTER. Would the hon. gentleman know the main products that Trinidad would probably export to this country?

The MINISTER OF FINANCE. The chief products of Trinidad are sugar, cocoa and asphalt.

Mr. FOSTER. And coffee?

The MINISTER OF FINANCE. I do not think they do much in coffee.

Mr. FOSTER. Yes, they raise coffee.

The MINISTER OF FINANCE. They raise coffee, but I do not think there would be a very great export of coffee. Their great product is sugar.

Mr. WALLACE. Will the hon. gentleman submit a statement of the trade of Trinidad?

The MINISTER OF FINANCE. I have a full statement, and I would be very glad to give all the facts later on. The fact is that there is so much material, and the tendency of the budget speech is to grow to such an extent, that I purposely left the figures out, but I shall be glad to submit the figures of the trade and commerce of Trinidad.

Mr. SPROULE. One step towards the Cobden medal.

The MINISTER OF FINANCE. My hon. friend (Mr. Sproule) has no use for the Cobden medal. The best wish that I offer him is that when the time comes that he shall pass away, the world may remember his name as favourably as it remembers the name of Richard Cobden.

TARIFF CHANGES.

The only change in the general tariff which I propose to ask the attention of the House to, is in the direction of free trade, to add another item to the free list. We propose to submit to the House a resolution providing that machinery, not of a class made in Canada, imported for the manufacture of beet root sugar shall be admitted free of duty.

Mr. SPROULE. Hear, hear.

The MINISTER OF FINANCE. This is the sort of free trade that the hon. member for East Grey (Mr. Sproule) does not object to. We have had before us large deputations from farmers and their representatives in the province of Ontario interested in the beet root industry. It may be remembered by many hon. members, who are familiar with the facts, more familiar than I am, that a few years ago the beet root sugar industry was established in the Eastern Townships of Quebec, and that the late government thought fit to give that industry a considerable measure of encouragement. For

a few years the business was carried on, but it finally proved a failure and was abandoned. Perhaps it is because of that fact that there is an opinion among many of the most intelligent farmers in Canada that the beet root sugar industry is not one adapted to our soil and climate. On the other hand, it is but fair to say that many other farmers, equally intelligent, think that in some parts of Ontario, owing to more favourable conditions, and also owing to the improvements that have been made in machinery, the beet-root sugar industry may be worked upon a permanently profitable basis, and that is the opinion of a number of gentlemen who did me the honour of waiting upon me the other day. We had two deputations, one of which favoured a bounty, and the other deputation, while having an eye to the windward for a bounty, seemed to take the view that if a bounty was necessary it would be provided by the government of Ontario, that province being particularly interested. That deputation only asked the government to aid the enterprise by granting an exemption of the duty on the machinery. I understand that, for the establishment of a plant of sufficient capacity to engage in this business on a large scale, it would require the investment of \$500,000, \$300,000 of which would have to be paid for machinery to be imported from foreign countries. There is a certain class of machinery, boilers and engines, which may be made in Canada, but the greater portion would have to be imported from the United States, France, or Germany, and it is upon the machinery which will be so imported from foreign countries that we propose to grant that exemption. If the proportion is as large as it has been represented to me, the exemption of such machinery from duty will be a very important concession. However that may be, we have felt it inexpedient, at this time, to deal with the question of bounty, but we willingly grant the concession which is asked in relation to the duty on machinery.

I have said that this is the only item we propose to deal with in detail. I do not propose to contend, for a moment, that the other items of the tariff are perfect. There are, no doubt, some blemishes in it. We think we have a pretty good tariff. No doubt there will be differences of opinion on this ques-

tion, and there always will be in this country, or in the United States, or in any other country, except England, which has a tariff that is beyond attack. There will always be room for debate on the tariff question. While I do not claim that the tariff is perfect in all its items. I say there are strong reasons against disturbing it in its details. There are some duties that are high, higher than I would like to see them. There are some duties which, probably, are lower than they should be and an increase of a few of these duties might make the tariff more symmetrical and equitable. But, there is a view that I would like to present to those who advocate tariff changes of that kind. I would like to remind them that there are very few items in the tariff which stand alone. As I said in 1897, in introducing the tariff changes, the tariff had been and must continue to be, to a certain extent, a matter of compromise. There are different sections in our vast territories which have different interests which often come in conflict. It must be the part of wisdom and of statesmanship to try to reconcile these different views by a policy of moderation and reasonable compromise. It was upon that principle that the tariff was formed, it is on that principle that I defend it to-day. It is on that principle that any hon. gentleman who may have to deal with the tariff question in our lifetime will have to defend his tariff, whatever it may be. I have said that there are few items standing alone; almost every item bears a relation to another item, and if you propose to alter one item you may, of necessity, be obliged to change some other item. I desire to emphasize the fact to those hon. gentlemen who may be advocating changes in particular items that, in opening up any one item, you may have to disturb another item. There are items which concern one section of the Dominion, and there are items which concern another section, and if you attempt to deal with the details of the tariff you may find that your changes are wider and more far-reaching than you had expected. It may be that there are some duties which are high, higher than some would like to see them, on goods imported from the United States, but we have a good answer to make to those who ask for changes. If in the United States there had been manifested

any great desire to have better trade relations with us, I am sure there would be a very strong demand from many people in Canada for reductions in the tariff on American products. But, our American neighbours feel it to be their duty, they feel it to be consistent with their best interests, not to encourage closer trade relations with Canada; and while they take that position, we do not think the moment is favourable for making reductions upon articles which are produced in the United States. The Joint High Commission, though it has not accomplished much, has not yet come to the end of its term. It is theoretically, at all events, still an open matter, and though there may be no immediate prospects of its reassembling, it has not yet been dismissed by the only authorities who can terminate its existence. If we shall have an opportunity of opening up trade relations with the United States, I am sure this government will not fail to take advantage of it. If that opportunity does not come, then I do not think there will be as much desire as there would otherwise be for a reduction of duties on American products. In any case, Sir, whether we have closer relations with the United States or not; whether we have negotiation with them or not; I am sure that what has already happened between this government and the government of the United States in relation to that question, affords abundant guarantees to the people of Canada, that Canadian interests will be safeguarded at every point.

PREFERENTIAL TRADE.

May I now say something in reference to the question of preferential trade, which was discussed a few days ago, but which is a matter too important to be overlooked in a budget speech. I am glad that the issue between the two parties on that question has now been defined, but I regret, and I say it with all sincerity, that hon. gentlemen opposite have not been able to take our view of the method of dealing with the mother country. It would have been a very gratifying fact if upon that question, as upon the other question of sending our brave sons to Africa, the two parties in Canada could have stood side by side and worked hand in hand. However, hon. gen-

lemen opposite have their own view of preferential trade, and though we may not agree with it we must at least have a clear understanding of what it is, and why it is that we are unable to agree with them. These gentlemen opposite have made one thing very clear, and that is, that they have fallen back to the old ground which they occupied years ago ; that ground which declared that no concession of any kind should be made to our mother country unless the mother country would give us dollar for dollar and cent for cent. Whatever difference there may be between us, there is no difference as to that being the policy of the Conservative party, as led by my hon. friend (Sir Charles Tupper). Well, Canada has had experience of that policy. For years that policy was promulgated on the floor of this House and throughout the country. The desire for preferential trade was not born yesterday nor even in 1897. There was something in the thought which appealed to the heart of every Britisher, and hon. gentlemen opposite, realizing that fact, repeatedly brought the question up for discussion. Why did they never make any progress ; why did their every step meet with failure ? It was simply and solely because they asked that which was impossible. They found the Belgian and German treaties an insuperable difficulty. The Belgian and German treaties were peculiar in their character. They were different from what were called the favoured-nation treaties. The favoured-nation treaties dealt only with the relations of Great Britain to foreign countries, but the Belgian and German treaties related to the family affairs of the British Empire. They provided that no higher or other duty should be levied on the products of Belgium or of Germany in the colonies than were levied on the products of Great Britain. At every step the Conservative government took in the direction of preferential trade these treaties rose up as an insurmountable obstacle. Day after day and year after year, speeches were made and conferences were held, and resolutions were passed asking that these obstacles be removed, but they were never removed, and why ? It was because hon. gentlemen opposite and all who agreed with them on that subject insisted upon asking things that were at the time, and even now are, impossible. England was

asked to give up the most cherished principles of her modern fiscal system. England, which after a great struggle under Bright and Cobden had made the people's food free, was asked to turn back the hands of the clock and tax the bread of the people. England was asked again and again to accept this condition, and just so long as that demand was made the great journals and the great leaders of thought in England scoffed at preferential trade of that kind. When the change of government in Canada came in 1896, the Belgian and German treaties were no nearer denunciation than they had been at any previous time. In 1896 a new government came to power in Canada and there was a change. There came into power in Canada a government which adopted another method of dealing with the mother country. There was a desire on this side of the House as well as on the other to have preferential trade ; the only question was : how you could best go about it. We thought, Sir, that the true policy was to cease demanding impossible conditions from England. We thought that inasmuch as Great Britain had for generations aided Canada whenever it was necessary, that she had given us the protection of her flag, that she had done everything for us that we required, and had admitted our products free to her market ; we thought it right that we should meet her in the same generous spirit and say : Inasmuch as you have done all these things for us, we will give you this preference free without any conditions, and we will take our chances of getting a further return.

THE BELGIAN AND GERMAN TREATIES.

The Belgian and German treaties stood in the way. Of course we knew that. The leader of the opposition has occasionally referred to them as if these treaties were only discovered in recent years. Every hon. member who discussed the question in this House and who gave it any attention desired that these treaties should be swept out of the way. The question was : how could the thing be done ? Just so long as hon. gentlemen opposite pursued their policy no progress was made, and we felt, Sir, that we must raise the question before the British government and before British public opinion in a new way. We

felt that we had a fair ground to contend that these treaties did not or should not apply to Canada, inasmuch as Canada had never been consulted concerning them, and Canadian interests were not advanced by them. 'Oh,' said my hon. friend (Sir Charles Tupper), 'that is a preposterous theory.' Well, it was not so very preposterous after all. Authorities equally as sound as the hon. gentleman (Sir Charles Tupper) have said that it was a fair contention. The *London Times*, the great organ of public opinion, after the report of the discussion in this House had been cabled it, made the statement that it was by no means clear that these treaties had any effect upon the rights of Canada at all. Whether that was right or wrong; whether our position was reasonable or unreasonable, we were bound to take a stand as advocates of Canada, and to advance every point which would help us to put the question before the British government and the British people. And so we framed our preferential clause in such a way that we thought we had escaped the consequences of the treaties. At all events, we thought we had a fair case to present. Well, Sir, we did not succeed in all respects. We were not very much surprised at that. I admitted in presenting the tariff to the House that there were doubts and difficulties in the way, and that these doubts and difficulties could only be settled by the Imperial government of Her Majesty, to whose decision we were prepared to submit. Although Her Majesty's government had to say to us that, inasmuch as they were bound to interpret their treaties with foreign countries in a liberal and generous spirit, they could not acknowledge our right to give that preference, while to that extent they differed from us, yet at the same moment they said this, they took the step that denounced the Belgian and German treaties. Thus, Sir, as the result of the action of the parliament of Canada there was brought about the termination of these treaties in a few months, which hon. gentlemen opposite had vainly tried to secure for many years. My hon. friend the leader of the opposition (Sir Charles Tupper) has more than once referred to a speech made by me at a gathering in the city of Sheffield, England, in the year 1897. 'Why,' he said, 'the Minister of Finance admitted there that

Canada had nothing to do with this matter; He admitted that it was the action of the colonial Premiers in England that brought about the denunciation of the German and Belgian treaties.' Well, Sir, the hon. gentleman has unconsciously paid a compliment to my modesty. The occasion was the great gathering of the Cutlers' Feast at Sheffield, and speaking at the moment, not for Canada, but for all the colonies, I did not feel that it was the time to vaunt Canada or to vaunt any little part which I had taken in the movement. I must plead guilty to the charge of a little modesty in that respect, and say that I referred to the fact that the colonial Premiers had joined in the demand on the Imperial government for the denunciation of those treaties. But, there is not a man of those colonial Premiers who will not acknowledge that all they were called on to do was to register and ratify the work already done by the government and parliament of Canada. We had thus the obstacle removed which hon. gentlemen opposite had never been able to remove, and we entered upon a policy of preferential trade.

IMPORTS AND EXPORTS FROM GREAT BRITAIN.

But, hon. gentlemen opposite say, what does it amount to? How much is your increase in trade? Well, it is not so bad. The figures were read before, but let me read them again. Canada has won honour and fame from that preferential treaty, and she has won dollars and cents as well. In our trade relations with the mother country, let us go back to 1893. The hon. leader of the opposition said the other day that the increase that has come recently is a part of the general expansion of trade. Well, we had an expansion of trade in the last years of the late government; but, while the general trade increased, the imports from Great Britain fell off under the national policy from \$43,000,000 in 1893 to \$29,000,000 in 1897. In 1898, however, they increased to \$32,000,000, and in 1899 to \$37,000,000. I have in my hand a statement showing the imports for consumption at the principal ports of the Dominion, of goods from Great Britain, during the eight months ended 28th February, 1899 and 1900, respectively:

	1899.				1900.			
	General.	Preferen-tial.	Free.	Total.	General.	Preferen-tial.	Free.	Total.
	\$	\$	\$	\$	\$	\$	\$	\$
Toronto.....	563,046	4,418,355	1,258,241	6,239,642	933,257	4,699,015	1,446,195	7,078,467
Ottawa..	62,181	211,267	126,428	399,876	83,631	231,403	151,978	467,012
Victoria	165,114	259,695	233,874	658,683	182,177	337,271	364,618	884,066
Vancouver	93,195	179,820	71,555	244,570	94,489	243,595	85,975	424,059
Charlottetown.....	33,118	43,428	45,027	121,573	35,144	39,467	44,548	119,159
Quebec	139,817	504,223	546,007	1,190,047	115,966	533,014	691,420	1,340,400
Winnipeg.....	126,850	497,360	61,650	685,860	114,500	455,000	67,330	636,830
Montreal.....	928,608	6,530,525	1,929,818	9,388,951	1,008,832	7,387,739	2,797,786	11,284,357
St. John	198,166	415,451	191,453	805,070	226,391	521,846	374,287	1,122,524
Halifax.....	199,885	303,462	568,887	1,072,234	191,575	516,386	628,627	1,336,588
Total.....	2,509,980	13,363,586	5,032,940	20,906,506	3,075,962	14,964,736	6,652,764	24,693,462

Excess total imports for consumption 8 months, 1900, over same period 1899..... \$3,786,956
 " preferential " " " " " " " " 1,601,150

If we allow a proportionate increase for the remainder of the year, we shall find that the increase in the imports from Great Britain, which began in 1897-8, will be quite large this year. But, suppose we admit for the moment that the amount is not great, how much would it have been if there had been no preference? That is the question for us to ask. I point to the fact that under the late government, although trade was expanding, the imports from Great Britain were falling off; but the moment this preferential tariff was adopted, the imports from Great Britain began to increase, and they are increasing year by year; and if hon. gentlemen opposite hope to make an impression on the minds of the nation by saying that the increase is not very large, let me ask them, what would have been the condition of that trade if we had not the preference at all?

Let me turn now for a moment to the exports. Hon. gentlemen opposite insist on demanding a form of preference in the British market which we claim they will not get. We say we are getting a preference to-day by the voluntary act of the British people. We say that the preference which England would not grant on a demand of the colonies in a huckstering and bargaining way she gave of her own free will and accord the moment we approached her in the proper spirit, and here is the proof in the exports of the products of Canada to Great Britain, exclusive of coin and bullion:

1894.....	\$60,878,056
1895.....	57,903,564
1896.....	62,717,941
1897.....	69,533,852
1898.....	93,065,019
1899.....	85,113,681

The exports fell off a little in 1899, but they were away ahead of those of any previous year except 1898, and during the current year they have caught up again, and will go on increasing. The Englishmen who would not stand dictation, are open to reason and friendly suggestion; and there is to-day in the hearts of the British people that preference for Canadian products which is putting Canadian cheese, bacon, butter, eggs, fruit and grain into the hands of the British consumers to an extent that never existed before. I regret that hon. gentlemen opposite have not been able to agree with us in regard to the truest way to get this preference. I would have been much pleased if they could have united with us; but they insist on demanding the pound of flesh. They insist that England must give us the quid pro quo. Well, Sir, I am not one of those who will go so far as to say that England will never impose a preferential duty for the adyantage of her colonies. I have said before, and I repeat it now, that while that is not a very likely thing to happen, it is within the bounds of possibility if not probability. But, I cannot ignore the fact that no member of the British cabinet, with the responsibility of office, and no man of cabinet rank in the Liberal party in England has ever

committed himself to such a policy. The name of Mr. Joseph Chamberlain has been used again and again ; but there is not a line to show that Mr. Chamberlain is prepared to accept the policy proposed by hon. gentlemen opposite. There are, no doubt, some men over there who favour it—patriotic, able men, including some members of parliament ; but they are enthusiasts in what some may regard as a good cause, and they have not been able to impress on the British government, the British parliament or the British people the views they are known to entertain. I believe that if we are ever to obtain that preference we shall obtain it by our way and not by the way of hon. gentlemen opposite. So long as you demand that Great Britain give you something, so long as you take sentiment out of the question and bring it down to a mere matter of dollars and cents, you are not likely to make any progress. If we shall ever obtain that preference, we shall obtain it, not by any bargaining or trafficking, but as a result of that splendid Imperial movement which is to-day commanding the attention of the civilized world—a movement which, one of these days, may override the old-fashioned ideas of political economy which Englishmen entertain. We may accomplish it in that way ; we are not likely to accomplish it in any other way.

BRITISH PREFERENCE INCREASED TO 33 $\frac{1}{2}$ PER CENT.

We have drawn the lines between hon. gentlemen opposite and ourselves on that question. They have demanded the pound of flesh. I do not state the case too strongly. They have in effect said that if they had been in power in April, 1897, they would not have granted the preference to England. They have in effect said that if they come back to power they will not grant any preference to England unless England shall give them an equal preference. There, Sir, we accept the issue. In testimony of our faith in the system we have adopted, in the belief that it is best for Canada and best for the Empire, in the belief that, to use the words of Her Majesty's Colonial Secretary, it is a policy that is 'welding more closely the ties that unite the colonies to the motherland,' we stand by that policy, and we are prepared to go further ; and

when I conclude my remarks, I shall place on the Table of the House a resolution which declares that after the 1st of July next there shall be an increase in the preference to England.

Sir CHARLES TUPPER. Will the hon. gentleman say how much ?

The MINISTER OF FINANCE. If the House will only permit me, I will say how much. Let me finish my sentence. I was submitting to the House a resolution to declare, that from and after the 1st July next, the preference of 25 per cent which is in the preferential tariff, shall be increased to 33 $\frac{1}{2}$ per cent. In other words, that from and after that date, for every \$3 of duty imposed upon the products of foreign countries, there shall be only \$2 of duty levied on the goods coming from our motherland.

STABILITY OF TARIFF.

The policy of this government in tariff matters has been from the beginning a policy of moderation, a policy of prudence and of caution. There are those who said that we were under obligation to make sweeping changes, but these were not our friends. The policy of the Liberal party, as laid down in the great convention in the city of Ottawa, in 1893, was that we should initiate a policy of tariff reform which would have due regard to all existing conditions, without doing injustice to any interest. We have adopted that policy, and carried it out in the letter and the spirit. Step by step, desirable changes have been made. In the step we now take we are satisfied that we shall create no disturbing influence and injure no industry in Canada, but shall meet the reasonable expectations of the people of Canada for a further measure of tariff reform. I desire to point out that with an overflowing treasury, the people have the right to expect a reduction of taxation. We propose to give them a reduction, and to give it to them on lines which will create the least disturbance and encourage to a larger extent our trade with the motherland. If we take the largest classes of goods imported from England, and the highest rate of duty, say 35 per cent, and apply to that the reduction I now propose of 33 $\frac{1}{2}$ per cent, or one-third of the total duties, the 35 per cent is brought down to 23 $\frac{1}{2}$ per cent.

I submit that as things are to-day in Canada, that is a fair revenue tariff, and I do not think that the advocates of tariff reduction would ask us to go, on that class of articles, below the rates we have now named; and inasmuch as tariff stability is very desirable, and inasmuch as confidence in business is the secret, to a large extent, of prosperity, I want to say to all concerned, that I regard that rate of 23½ per cent as a fair and reasonable tariff, with which, I think, the country will be satisfied, and I do not anticipate a reduction on that class of articles for a reasonable time in the future.

CANADIAN SECURITIES AND THE TRUSTEE LIST.

There is a subject to which I wish to make a brief allusion, and it is one not wholly unconnected with that which I have been discussing. There are vast sums of money in England in the hands of trustees, who have to invest it in the best classes of security. Unfortunately for Canada, we have never been able to obtain the admission of our securities into that trustee list, and the consequence has been that whenever we placed a loan on the market, although trustees might have been willing to invest the vast sums in their hands in Canadian securities, they could not do so, because the English law did not allow it. The desirability of admission to the trustee list has long been recognized. For the last fifteen years, the matter has been agitated by the government of Canada. The hon. leader of the opposition (Sir Charles Tupper), when he filled the important position of High Commissioner, gave a great deal of attention to the subject, and I know from my inquiry at the time, and from information I have since obtained, that my hon. friend laboured hard to accomplish that great boon for Canada, the admission of our securities to the trustee list. But, my hon. friend failed, as all others had. Many things, however, which were impossible for Canada a few years ago, have become possible under the better conditions that have arisen. A year ago, realizing as fully as my hon. friend did the desirability of obtaining admission to the trustee list, I went into the subject very carefully and prepared a full report upon it, urging, as no doubt, my hon. friend did, in his day, that Canada ought to have her

securities recognized as among the best on the English market. Negotiations were carried on for some time through the intervention of our present High Commissioner, who has laboured hard, and has done great service to Canada in that, as in every other respect. I have now the satisfaction of announcing that the difficulties have been overcome, and that by arrangement between Her Majesty's government and the Canadian government, legislation will be introduced in the Imperial parliament this session, while I shall have the honour of submitting a Bill to this House also, dealing with the subject, and when these two Bills, purely formal in their character, are adopted, the securities of Canada will be admitted to the trustee list from which they have hitherto been excluded. My hon. friends, the leader of the opposition, and the ex-Minister of Finance, both of whom are thoroughly familiar with this question, will realize, I am sure, the great importance of this concession which we have obtained from Great Britain; but to those who may not be so familiar with the subject, let me say that the difference between the selling price of a security admitted to the trustee list, and one shut out from that list, is from two to three points. I do not think that the hon. leader of the opposition, or the ex-Minister of Finance, will differ from me in that estimate. I think that at a later stage, we shall derive even more than that difference, because under the influence of this important step, the securities of Canada will approach very nearly the value of British consols. But, if we calculate at the moderate estimate of 2 per cent, on the loans which Canada will have to place in England in the next ten or twelve years, the saving will be not less than two and a half million dollars to the Canadian treasury.

Let me put it in another way. The gain that we shall make by this action of the British government in coming to the assistance of Canada will be, in actual cash, equal to every penny we spend for the sending of the Canadian soldiers to South Africa.

I regard this as a matter of very great consequence to the finances of Canada, and those who are acquainted with our financial affairs will fully agree with me in that opinion. Now that this important question

is about to be settled, I desire again to say how much we are indebted to Lord Strathcona for the assistance he has afforded in this matter. And I should do less than justice if I did not say also that to our excellent Deputy Minister of Finance, Mr. Courtney, a large share of that credit is due.

And, now, Mr. Speaker, my task is done. It is, I trust, an agreeable statement which I have been able to present to the parliament and the people of Canada this day. It is the story of very prosperous times ; of a strong financial position ; of a country that has been able to pass through the recent financial stringency without the need of borrowing a dollar ; of a country that has not a dollar of floating debt to-day ; of a country with an overflowing treasury under a reduced customs tariff ; of liberal grants for every useful public service ; of great

public enterprises, for the present and future needs of Canada, carried on with comparatively insignificant additions to the public debt ; of a people occupying a vast country stretching from ocean to ocean, nearly all of whom are to-day busy, prosperous, contented and happy ; of a people who bear cheerfully every obligation that comes upon them for the maintenance of their own public service, and who have found their devotion to the Throne and person of their sovereign so quickened by the inspiring events of recent years that they give freely of their blood and of their treasure in defence of the honour of the empire in lands that are far away. May we all realize what a goodly land it is in which we dwell, and may we all remember with grateful hearts the blessings which Providence has showered upon this Dominion of Canada.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

FRIDAY, MARCH 14

1901



OTTAWA

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EXCELLENT MAJESTY

1901

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BUDGET SPEECH

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MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, FRIDAY, MARCH 14, 1901

The MINISTER OF FINANCE (Hon. W. S. Fielding) moved that the House resolve itself into Committee of the Whole to consider of the Ways and Means for raising the Supply to be granted to His Majesty.

He said : Mr. Speaker, for several years in succession, on occasions similar to this, I have had the good fortune to be able to congratulate the House and the country upon periods of great and steadily increasing prosperity. I rejoice to know that I am at liberty to make a similar statement to-day with respect to the affairs of Canada for the past year. In almost every department of industry in which the Canadian people are engaged there was a gratifying activity, and trade, commerce and manufactures flourished. Here and there, as may always be expected in a country of such vast extent and varied interests as prevail in Canada, some local condition was unfavourable, some drawback may have occurred. But in summing up the affairs of the country, we are able to describe the year as one of unexampled prosperity. Prosperity in trade and manufactures brought prosperity to our national finances, and enabled me at the close of the year to announce results which it is not too much to say formed the most satisfactory financial statement that ever fell to the lot of a Minister of Finance to make in the Dominion of Canada. At a time of very considerable financial stringency, at a time, too, when our expenditures were being conducted on a very liberal scale, we found our revenues

so generous that we were able to provide for all our needs without having resort to fresh loans, or even to an issue of treasury bills.

FISCAL YEAR, 1899-1900, REVENUE.

A glance at the receipts and expenditures in comparison with the previous year will show that there was a general increase all along the line. I have the honour to present this statement :

	1898-9.	1899-1900.	Increase.
Customs	\$25,316,841	28,374,147	3,057,306
Excise	9,641,227	9,868,075	226,848
Post office	3,193,777	3,205,535	11,758
Miscellaneous	8,589,404	9,582,237	992,833
			\$46,741,249 \$51,029,994 \$4,288,745

It may be remembered that in speaking of the prospects of the year in the budget speech of last March, I expressed the opinion that the receipts for the year would pass the \$50,000,000 mark ; the figures I have just given will show that that anticipation was realized, the receipts of the year having been over \$51,000,000. The chief increase, as may be readily understood, was in customs. That increase, to some extent, was due to the increased imports, and to some extent, no doubt, to the higher values which prevailed. We have increases in the post office which are very gratifying. Of course it is well known that a year or two ago the post office revenues fell off—not a matter of regret altogether, because we know that that falling off was caused by the very important reform brought about by my hon. colleague the

Postmaster General, who is now absent, wherein he established a two-cent rate instead of a three-cent rate, one of the most important reforms in the Post Office Department, and one which I am sure the country has fully appreciated.

If, for a time, therefore, our revenue from that source fell off it would not be altogether a cause for regret. I am glad to be able to say that we have now reached the point where we shall be able to make comparisons with previous years under the three-cent rate. In January last past we had turned the corner in that respect. Up to that date, our revenue was, under the two-cent rate not quite so large as it was under the three-cent rate; but, in January, 1901, under the two-cent rate, the revenue of the Post Office Department was \$398,289, while in the corresponding month of January, 1898, under the three-cent rate the revenue was \$368,941, showing that now, under the two-cent rate we are receiving more money in the way of revenue in the Post Office Department than we formerly received when the three-cent rate prevailed. Under the head of miscellaneous revenues there is a considerable increase, the largest item being in respect to railways. There is an increase of \$828,344 under that head. It is well to remember that, while we are spending largely increased sums upon the Intercolonial Railway in particular, we are also having largely increased receipts, and it may be well in this case to make a comparison between 1896 and 1900. The revenue of the Intercolonial Railway in 1896, being the year ending the 30th June, was \$2,957,640. The revenue for last year was \$4,552,071, showing an increase in the receipts of the Intercolonial Railway between 1896 and 1900 of \$1,594,431. My hon. friend the Minister of Railways and Canals (Mr. Blair) has to come to the House frequently for increased appropriations for this road, and it is well that when he shall do so we shall keep these facts in mind, and realize that owing to the greater development of the Intercolonial Railway, and of the trade of the country generally, the receipts of that important public work are now much larger than they were before. Our total revenue for the year which has passed was \$51,029,994,02.

EXPENDITURE AND SURPLUS, 1899-1900.

Our total expenditure, chargeable to consolidated fund account, that is our total expenditure for what may be described as the ordinary purposes of government, was \$42,975,279.51, showing a surplus on the year's operations of no less a sum than \$8,054,714.51. This surplus, Mr. Speaker, was the largest that has ever been known in the history of the Dominion of Canada. I have prepared a statement showing the surpluses and deficits for the last four years, and the following are the figures:

In 1897 there was a deficit of \$519,981.44, in 1898 there was a surplus of \$1,722,712.33, in 1899 there was a surplus of \$4,837,749, and in 1900 there was the surplus that I have just mentioned of \$8,054,714.51. Our surpluses thus have aggregated \$14,615,175.84. Deduct \$519,981.44, the deficit for the first year, which was, however, hardly under our control, but we will pass that point now,—deduct the deficit of that year from the surpluses of succeeding years, and we find that there has been a net surplus for the four years as between the revenue and the ordinary expenses of government of \$14,095,194.40.

CAPITAL EXPENDITURE, &c., 1899-1900.

So far I have dealt with what we call the expenditure on consolidated fund account, which represents the ordinary expenses of government. There is, of course, another class of expenditure which figures in our account, which is commonly called capital expenditure, including public works, railways, railway subsidies and various special items of an unusual character. These expenditures for the year ended June 30, 1900, were as follows:—

Intercolonial and Prince Edward Island Railways	\$3,308,894	31
Canals	2,639,564	93
Public works	1,089,827	29
Dominion lands	199,470	09
Militia	230,850	51
Canadian Pacific Railway	236	11
 Total	 \$7,468,843	 24

To this must be added for railway subsidies, including \$340,000 paid during that year to the Crow's Nest Pass Railway, \$725,720.35, and there is a further item to be added, being the expenses of the South African contingent and the Halifax garri-

son, amounting to \$1,547,623.74. These capital and special expenses for the year amounted to \$9,742,187.33. Now, with these large expenditures for the liberal maintenance of the public services, with large expenditures for railways and public works, and with special expenditures in connection with the South African war, it would not have been a matter of surprise if it had been necessary to increase the public debt.

DECREASE OF DEBT, 1899-1900.

Yet, we have the gratifying statement that we have provided for all these large expenditures, and that we have been able not only to avoid increasing the public debt, but actually to reduce the public debt to the extent of \$779,639.71. The net debt on June 30, 1899, was \$266,273,446.60; the net debt at the same date in 1900 was \$265,493,806.89, showing a decrease of \$779,639.71, as already stated.

Now, that is a very gratifying statement, but it is one which it is only possible to make in very prosperous times. In only two years prior to this, in the history of the Dominion of Canada, was the Finance Minister able to make the statement that there had been a reduction in the public debt. This occurred in the year 1871, when my predecessor in office was Sir Francis Hincks, and it also occurred in 1882, when Sir Leonard Tilley was Minister of Finance, and when there was a reduction in the public debt of a very considerable sum. It is not therefore reasonable to expect that this reduction in the public debt can frequently occur. In a country like Canada, which after all is a comparatively new country, in which there will always be demands for public works, and in which there will be expenditures outside of what may be called the ordinary expenses of government, it is only reasonable to suppose that we shall incur obligations which will necessitate occasionally some addition to the public debt. I think that if the addition to the public debt should only be a moderate one we shall have no reason to complain.

ESTIMATED REVENUE, 1900-1901.

Turning now to the affairs of the current year, which is to close on the 30th June

next, I find that our revenue up to the 10th March was \$34,942,177.95, an increase over the corresponding date last year of \$1,227,693.01.

The customs revenue, which is always an item of chief importance, remains up to date substantially the same as it was a year ago, and I do not expect that from this time forward we can expect any material increase in that item. In railways and post office and excise there has been a considerable increase, and we anticipate that there will be some further increase before the year closes.

Mr. WALLACE. How much increase in the excise?

The MINISTER OF FINANCE. I have not the figures at hand, but I will give them to the hon. gentleman later. I estimate that the total revenue for the current year, to end on June 30 next, will be \$52,750,000, or an increase of \$1,720,000 over the revenue of the previous year.

ESTIMATED EXPENDITURE AND SURPLUS, 1900-1901.

Coming now to the expenditure account for the current year, the expenditure up to March 10, on consolidated fund, was \$27,731,602.04, so that, if we had an increased revenue, we have also had some increase in expenditure as well. We have some supplementary estimates yet to bring down for the current year which will, of course, swell our existing appropriations. I estimate that when the year's affairs are closed, including these supplementary appropriations, we shall find the expenditure chargeable to consolidated fund amounting as near as may be to \$46,400,000. With an estimated revenue of \$52,750,000, and a probable expenditure of \$46,400,000, I reach the conclusion that at the close of the present year we shall be able to show another surplus amounting to \$6,350,000.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. This, Sir, is not so large a surplus as that of the past year, but I think we shall all agree that if the accounts when closed will show a surplus as large as that, it may be regarded as very satisfactory.

CAPITAL EXPENDITURE, 1900-1901.

The capital expenditure of the current year, to March 10, was \$6,584,309.42. We have still to pay very considerable sums on account of railway subsidies, canals, and so forth, and I estimate that the total expenditure chargeable to capital for the current year will reach \$10,700,000. If we deduct from this our surplus and our sinking fund, I am of opinion that we shall have to make some addition to our public debt, but I think it will be a very moderate one, and will not exceed \$1,800,000. That is not a very large sum, especially if we take into consideration the additions to the public debt in days gone by.

DEBT STATEMENT, 1896-1900.

Our administration is four years old, and as one naturally wishes to prepare a statement concerning the period of his own government, I have prepared a statement of the state of the debt in these four years.

Debt statement for four years.

	Increase.	Decrease.
1896-7	\$3,041,163	
1897-8	2,417,802	
1898-9	2,317,047	
1899-1900		\$779,639
	\$7,776,012	\$779,639
	779,639	
Total increase in four years..	\$6,996,373	
Average increase for four years	1,749,093	
Average increase for 18 years, 1878-1896	6,563,075	

Therefore, deducting the decrease, we find that in the four years we have increased the public debt to the extent of \$6,996,373. The average increase for the four years is therefore \$1,749,093 per annum, against an average increase in the previous eighteen years of \$6,563,075 per annum.

FISCAL YEAR 1901-1902.

With regard to the next fiscal year, beginning on 1st July next, it is too soon for us to attempt to make anything like a close estimate. I have already submitted to parliament estimates on account of consolidated fund amounting to \$44,102,323.56, and on capital account amounting to \$6,296,500, making a total of \$50,398,823.56, including both capital and consolidated fund. We have supplementary estimates yet to come which must considerably add to these appropriations,

and there are special expenditures likely to come upon us in the next year of which we must take note. We shall have to provide, in addition to considerable expenditures in the usual way on railway subsidies and so forth, for a very considerable sum in the shape of bounties on iron and steel. Hitherto these bounties have not in any one year amounted to any very great sum, but hon. gentlemen are well aware from what we have seen in the public press as well as from the discussions in this House that the iron and steel industry is now being developed on a very large scale and as a consequence of that we shall be called upon to pay a very considerable sum as bounty. It is difficult to form any definite opinion as to what this will amount to. We know the amount of bounty that is to be paid per ton, but the quantity that will be produced is of course a matter concerning which we have no means of knowing definitely. I assume, however, that we shall have to pay next year at least \$1,000,000 in bounties on iron and steel, and I shall not be surprised if the sum has to be somewhat larger. Therefore, we shall be obliged to provide for a very considerable expenditure for the coming year. As to revenue, I do not expect that we can keep on at the rate of increase which has been so marked during the past three or four years. I think we have probably now reached about the crest of the wave of prosperity. I do not expect that we shall have any serious reverses. I think the business of Canada has been developed during the past four or five years upon very safe and sound lines. I think there has been to a very large extent an absence of that inflation which is so apt to mark a period of good times. I am of opinion that the business of the country as a whole has been so carefully conducted and is on such a sound basis that we are not likely to suffer any serious reverses, but I do not think it is reasonable to expect that we can go on increasing our business as rapidly as we have during the past few years. What may happen is that we might suffer a check. Perhaps it might be best described as a period of rest, not of going backward, when Canada like a young giant will gather new strength and advance again by leaps and bounds as she has during the past four years.

CANADA'S TRADE.

Perhaps, I will be pardoned if I give somewhat hurriedly a few of the leading facts which mark the great prosperity of the past year. These facts can, of course, be obtained by those who take the trouble to go through the Trade and Navigation Returns, but they may be conveniently presented in a condensed form in the budget speech. It was indeed a banner year so far as the trade and commerce of the country is concerned. The aggregate foreign trade of the year 1900 was \$381,517,236. In the previous year it was \$321,661,213. The increase in the aggregate foreign trade of Canada over the previous year was \$59,856,023. When I remind the House that the increase in the whole eighteen years of the national policy was only \$66,000,000, and when I show that in one year only of the present administration, the increase was over \$59,000,000 and nearly \$60,000,000, hon. gentlemen will be able to measure the vast progress that has been made in trade of the country.

Mr. COCHRANE. When you abandoned the national policy.

The MINISTER OF FINANCE. No, our hon. friends opposite have been abandoned; we are still here. The following summary is interesting and instructive:

Aggregate foreign trade, 1900.....	\$381,517,236 00
" " 1899.....	321,661,213 00

Increase in 1900	\$ 59,856,023 00
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Imports entered for consumption, 1900	\$180,804,316 00
--	------------------

Imports entered for consumption, 1899	154,051,593 00
--	----------------

Increase in 1900	\$ 26,752,723 00
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Exports of produce of Canada, 1900	\$170,642,369 00
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Exports of produce of Canada, 1899	138,462,037 00
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Increase in 1900	\$ 32,180,332 00
------------------------	------------------

Exports, the produce of Canada to Great Britain, 1900	\$96,562,875 00
--	-----------------

Exports, the produce of Canada to Great Britain, 1899	85,114,555 00
--	---------------

Increase in 1900	\$11,448,320 00
------------------------	-----------------

Exports, produce of Canada to United States, 1900	\$59,666,556 00
--	-----------------

Exports, produce of Canada to United States, 1899	40,426,856 00
--	---------------

Increase in 1900	\$19,239,700 00
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Exports, Canadian Mines to all countries, 1900	\$24,580,266 00
Exports, Canadian mines to all countries, 1899	13,368,150 00
Increase in 1900	\$11,212,116 00
Exports, Canadian fisheries, 1900..	\$11,169,083 00
" " 1899..	9,909,662 00
Increase in 1900	\$ 1,259,421 00
Exports, Canadian forests, 1900...	\$29,663,668 00
" " 1899...	28,021,529 00
Increase in 1900	\$ 1,642,139 00
Exports, animals and their pro- duce, the produce of Canada, 1900.....	\$56,148,807 00
Exports, animals and their pro- duce, the produce of Canada, 1899	46,743,130 00
Increase in 1900	\$ 9,405,677 00
Exports, agricultural products, the produce of Canada, 1900.....	\$27,516,609 00
Exports, agricultural products, the produce of Canada, 1899	22,952,915 00
Increase in 1900	\$ 4,563,694 00
Exports, manufactures of Canada, 1900	\$14,224,287 00
Exports, manufactures of Canada, 1899	11,706,707 00
Increase in 1900	\$ 2,517,580 00

TRADE WITH GREAT BRITAIN.

In view of the discussions which have occasionally taken place in the House with regard to the increase of the imports from Great Britain for home consumption, I have placed together the figures for a series of years:

1895.....	\$31,131,737
1896.....	32,979,742
1897.....	29,412,188
1898.....	32,500,917
1899.....	37,060,123
1900.....	44,789,730

It will be observed, Sir, that the imports from Great Britain had been declining steadily when the policy of the present government, including the preferential tariff, was adopted. That decline was immediately arrested, and from that time on the imports from Great Britain began to increase, so that now, as compared with 1897, they show an increase to the extent of about 50 per cent.

I confess that I hardly know just how this increase of imports may be viewed by some of our hon. friends opposite. Sometimes the criticism is that by our preferential tariff we have allowed goods to come in.

from Great Britain and have thereby injured our own manufactures.

An hon. MEMBER. Hear, hear.

The MINISTER OF FINANCE. Hear, hear, says my hon. friend opposite. But at other times the argument is that the preferential tariff has made no difference in the trade with Great Britain, but that trade has increased generally and that the imports from Great Britain have only kept pace with the general increase of business throughout the world; and when we have contended, as we have, that the preferential tariff has been an instrument in increasing the imports from Great Britain, we have met the reply that it has not had that effect at all, but that the increased trade with Great Britain has come about by means altogether irrespective of the preferential tariff.

Mr. CLANCY. Will the hon. gentleman give the increase of imports from the United States during the same period?

The MINISTER OF FINANCE. No, Mr. Speaker, but if it will help my hon. friend very much, I will make an admission at once. We import from the United States a large quantity of the things we require, not to please the United States, but to please ourselves. We import the raw materials from the United States, which go to make the manufacturers of Canada prosperous. If it be the policy of our hon. friends opposite to keep out the raw materials which our manufacturers require, that is not the policy of the present government.

In this connection perhaps I may be permitted to say a word as to a contention which has been advanced at times, and which has found a suggestion this session in the form of several questions by our hon. friends opposite. The argument has been used sometimes in the public press, and sometimes on the floor of this House, that our preferential tariff is admitting a large quantity of foreign goods—goods which are not British at all. Now, that is a fair matter for investigation. It was no part of our intention to extend the benefits of the preferential tariff to these foreign nations. The intention was that goods coming from Great Britain and purporting to be British goods should be bona fide products of Great Britain. But, of course, we have to remember

that Great Britain imports great quantities of raw materials and articles in the first process of manufacture, and improves or finishes them; and then she is the great shipping mart for those goods throughout the wide world; and it has been suggested by a question put by one of our hon. friends opposite that perhaps we ought to provide that the preferential tariff shall apply only to British goods, meaning materials which are grown or produced in Great Britain and undergo all the processes of manufacture in Great Britain. I had to reply that such a policy would amount to a practical repeal of the preferential tariff, because Great Britain has to import large quantities of materials out of which she produces her manufactured goods. But it has been represented that the preferential tariff is evaded, and that goods of Belgian or German or other foreign origin are brought in under it. I want to say that if any information can be furnished by any hon. gentleman in the House or by any gentleman outside, it will help us to investigate that matter; for we have every desire to see that the intentions of the preferential tariff in that respect are carried out in good faith. As to whether our present regulation for distinguishing between British and foreign goods is sufficient may also be a fair matter of inquiry. We think we have probably reached a sound conclusion in that respect when we have determined that 25 per cent of the value of an article being of British labour or industry shall give it the stamp of a British manufacture and entitle it to the benefits of the preferential tariff. But while we think we have probably reached a sound conclusion in that regard, I quite admit that it is a matter for investigation and inquiry; and if any information can be furnished which will lead us to believe that the intention of the government with respect to the preferential tariff is being evaded, either through fraud on the part of importers or through error in our own calculation as to the proper proportion of British labour, we shall deem it to be our duty to give the matter every consideration.

EXPORTS OF THE PRODUCE OF CANADA.

I have a statement here, again taking a period of four years for convenience, show-

ing the exports of the produce of Canada for two periods of four years each, and have classified them so that the exports of each class are shown. The statement is as follows:—

Statement showing Exports the Produce of Canada for four year periods.

	Four years,	Four years,
	1893 to 1896.	1897 to 1900.
Mine	\$ 26,173,776	\$ 63,710,587
Fisheries	41,615,754	42,284,729
Forest	103,782,210	115,455,465
Animals and their products and agricultural		
Manufactures	204,043,511	287,954,114
Miscellaneous	32,520,973	46,131,324
Coin and bullion and short reported	364,222	432,175
Total	14,459,930	22,740,235
	\$422,960,376	\$578,658,629
		422,960,376
Increase last four years.....	\$155,698,253	

RATE OF TAXATION—CUSTOMS.

The question of the rate of taxation under the customs tariff has been frequently discussed, and perhaps a word or two concerning it, based upon the figures of the past year, will not be out of place. If we take the imports for home consumption and the duty collected, we will find that the proportion of duty in 1896 on all imports for home consumption was 18·28, and by the same statement for 1900, it was 15·98, making a difference of 2·30 or one-eighth of the whole duty.

If that were to be taken as a correct statement of the whole matter, it would show that the difference between the operation of our tariff on the imports of last year and that of the old tariff, were it still in operation, would have amounted to \$4,161,918.

But there is a point concerning which we have occasionally had a discussion here with regard to the imports of corn, and I wish to qualify the statement I have just made in the light of what has happened with respect to our trade in corn. Under the old tariff corn was dutiable, and consequently it was important that the man handling it should discriminate very carefully between the corn for home consumption, which paid a duty and that in transit for exportation, which paid no duty. But when corn was

made free the necessity for that careful discrimination no longer existed. There being no duty, the man who imported the corn might enter it at the customs for home consumption and export it a week later. If we take the quantity of corn exported and thus try to obtain a fair comparison with the former condition of affairs and make allowance in that way for the portion of the corn which increased the value of our imports, when in reality it was sent abroad and did not enter into home consumption—making allowance for that, we shall find that the average rate for last year was not 15·98 but 16·41, and I am content to take that statement instead of the former one for the purposes of comparison. Taking the rate 16·41 as the rate for the past year as against 18·28 in 1896, we shall reach the conclusion that if the old tariff had remained in operation and been applied on the imports of last year, the duty levied would have been larger to the extent of \$3,292,230. In other words, if the old tariff had been in operation as applied to the imports for home consumption last year, it would have levied and taken from the pockets of the people \$3,292,230 more than was taken by the tariff of the present government.

STATISTICS OF BUSINESS PROGRESS.

I am going to ask the House to bear with me a few minutes while I present some statistics which are likely to be tedious, but which will bear study.

It will be remembered that on several occasions in connection with budget speeches, series of diagrams were published which served to show very graphically the growth and progress of the business of the country from year to year. I have not done that this year. An attempt to make a statement following up the growth of business every year since confederation would be very tedious. But I am quite sure that in the convenient form of a budget speech, we should like to have some figures which would give an idea of the progress Canada has made since confederation to the present day, and if I can do that in a condensed way, it will be useful. Instead of giving a yearly statement, I propose to take leaps of five years and only make the statement for every fifth year.

DOMINION NOTE CIRCULATION.

One measure of the growth of the business of the country is commonly considered the circulation of Dominion notes of all denominations.

	Circulation Dominion notes.	Increase over fifth year	Decrease under previous.	fifth year.
Oct. 31, 1870.....	\$ 7,450,334			
1875.....	11,119,485	\$ 3,669,151		
1880.....	14,693,744	3,574,259		
1885.....	18,072,355	3,378,611		
1890.....	16,760,789		\$ 1,311,566	
1895.....	22,893,259	6,132,470		
1900.....	28,113,229	5,219,970		

I have given the circulation of Dominion notes generally, but the small notes of one dollar and two dollars are supposed to be perhaps the very best standard by which to judge of the business of the country, because as business increases there is an increased demand for these small notes.

CIRCULATION OF SMALL NOTES (\$1 AND \$2) AT THE DATES NAMED.

		Increase.
Oct. 31, 1875.....	\$ 3,489,830	
1880.....	3,999,452	\$ 509,622
1885.....	5,602,514	1,603,062
1890.....	6,905,079	1,302,565
1895.....	7,312,917	407,838
1900.....	10,236,116	2,923,199

CIRCULATION OF NOTES OF CHARTERED BANKS.

Total Circulation of the Notes of the Chartered Banks of Canada at the dates named.

	Notes in fifth year	Increase over under	Decrease fifth year	Imports.
	Circulation.	previous.	previous.	
Oct. 31, 1870.....	\$ 18,642,895			\$ 71,237,603
1875.....	25,599,331	\$ 6,956,436		119,618,657
1880.....	27,981,567	1,382,236		71,782,349
1885.....	34,576,246	6,594,679		102,710,019
1890.....	36,480,649	1,904,403		112,765,584
1895.....	34,671,028		\$ 1,809,621	105,252,511
1900.....	53,198,777	18,527,749		180,804,316

SAVINGS BANK DEPOSITS.

Let me now give statements showing deposits in government and post office savings banks and banks :

Statement of Total Balances at Credit of the Depositors in the Government and Post Office Savings Banks.

	Balances.	Increase over fifth year	Decrease under previous.
June 30, 1869-70.....	\$ 3,337,072		
1874-5.....	7,171,181	\$ 3,804,109	
1879-80.....	11,052,956	3,881,775	
1884-5.....	32,979,076	21,926,120	
1889-90.....	41,012,465	8,033,389	
1894-5.....	44,450,498	3,438,033	
1899-1900.....	53,149,722	8,699,224	

DEPOSITS IN THE CHARTERED BANKS.

Statement of Deposits by the Public in the Chartered Banks at the dates named.

	Deposits.	Increase over fifth year previous.
June 30, 1870.....	\$ 54,074,760	
1875.....	61,094,860	\$ 7,020,100
1880.....	76,244,065	15,149,205
1885.....	95,030,429	18,786,364
1890.....	128,631,455	33,601,026
1895.....	182,688,227	54,056,772
1900.....	277,256,716	94,568,489

The following figures will show the exports of Canadian produce by five year terms in the same way :

EXPORTS OF CANADIAN PRODUCE.

Statements of Exports of Canadian Produce for the years named.

	Exports.	Increase over fifth year.
1869-70	\$ 67,045,868	
1874-5	70,749,660	\$ 3,703,792
1879-80	74,671,452	3,921,792
1884-5	81,158,715	6,487,263
1889-90	87,697,388	6,538,653
1894-5	103,085,012	15,387,644
1889-1900	170,642,369	67,557,357

IMPORTS FOR HOME CONSUMPTION.

Statement of Total Imports for Home Consumption for the years named.

	Imports.	Increase over fifth year previous.	Decrease under fifth year previous.
1869-70	\$ 71,237,603		
1874-5	119,618,657	\$ 48,381,054	
1879-80	71,782,349		\$ 47,836,308
1884-5	102,710,019	30,927,670	
1889-90	112,765,584	10,055,565	
1894-5	105,252,511		7,513,073
1889-1900	180,804,316	75,551,305	

TOTAL TRADE OF CANADA.

Statement of the Total Trade of Canada for the years named.

	Total Trade.	Increase over fifth year previous.	Decrease under fifth year previous.
1869-70	\$ 148,387,329		
1874-5	200,957,262	\$ 52,569,933	
1879-80	174,401,205		\$ 26,556,057
1884-5	198,179,847	23,778,642	
1889-90	218,607,390	20,427,543	
1894-5	224,420,485	5,813,095	
1889-1900	381,517,236	157,096,751	

I thought, Sir, that, in the absence of diagrams, these condensed statements would give us a hurried review of the progress

of Canada in these various departments from the time of confederation down to the present.

YUKON TERRITORY.

So much has been said about the Yukon, that I am sure that the House will be interested in knowing something about the receipts and expenditures of that district. I have first made a statement of the royalties, because that is a special item, and, perhaps, should be separated from the general receipts:

Royalties—Yukon.	
1898	\$287,423 55
1899	575,812 79
1900	730,771 99
Six months to Dec. 31, 1900...	446,184 28
	\$2,040,192 61

Showing that in the three and a half years, we have received in the way of royalties alone from the Yukon the sum of \$2,040,000, I have had a larger statement prepared, however, which is not confined to royalties, but will show briefly the receipts and expenditures of all classes on account of the Yukon territory:

YUKON TERRITORY.

REVENUE.

	1896-7.	1897-8.	1898-9.	1899-1900.	Total.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
*Interior	8,593 00	735,485 09	1,261,816 30	1,130,965 49	3,136,859 88
Post Office.....	50 00	2,083 50	9,461 28	21,550 99	33,145 77
Customs.....	9,873 24	63,185 39	482,098 55	613,191 97	1,168,349 15
Public Works.....				33,716 88	33,716 88
Fisheries.....				4,601 48	4,601 48
Total	18,516 24	800,753 98	1,753,376 13	1,804,026 81	4,376,673 16

*Including royalty, miners' certificates, mining fees, land sales, rentals, timber dues, placer grants, &c.

It is but fair to state that the Yukon should be credited, I think, with a further sum. These figures represent only the actual collections in the Yukon. But we all know that a very large proportion of the goods imported at Vancouver or Victoria, or, for that matter, in the eastern cities also,

while paying duties at these respective ports of entry, are afterwards shipped to the Yukon, and, in that way, I have no doubt, the Yukon has added very largely to our revenues in addition to the sums I have stated. As to expenditures, the following table will give the figures:

EXPENDITURE.

	1896-7.	1897-8.	1898-9.	1899-1900.	Total.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Interior	5,998 47	47,026 65	223,526 24	331,850 21	608,401 57
Post Office	40 00	43 33	21,950 39	112,368 57	134,402 29
Customs.....	3,938 78	3,239 09	28,931 88	30,561 84	66,671 59
Public Works.....		14,000 00	68,619 32	118,544 05	201,163 37
Railways and Canals		4,996 00	55,952 92	24,457 50	85,406 42
Justice.....		933 97	12,646 98	22,673 56	36,254 51
Mounted Police.....	22,134 76	495,770 08	874,852 72	492,427 52	1,885,185 08
Militia.....		99,975 75	387,763 41	173,266 21	661,005 37
Marine.....				800 00	800 00
Total	32,112 01	665,984 87	1,674,243 86	1,306,949 46	3,679,290 20

Excess of receipts over expenditure on consolidated fund..... \$697,382 96
Public Works capital 568,874 90

Excess of receipts over all expenditure..... \$128,508 06

Thus we find, if we take all the expenditures chargeable to consolidated fund and this extra sum chargeable to capital, our revenues from the Yukon, without counting the indirect revenues I have referred to, amount to \$128,508.06 over and above all expenditures in that district.

Now, it was the policy of the government, at the beginning—to use an expression which has become current—to make the Yukon pay for the Yukon; and that has been carried out. And, now, Sir, in view of this very handsome financial statement to the credit of the Yukon, and in view also of the desire of the government to encourage the development of mining in the Yukon as a permanent business, now that the first rush for rich creeks has passed, my hon. friend the Minister of the Interior has been able to announce a very important step—that is, that the royalty in the Yukon district instead of being 10 per cent, shall hereafter be 5 per cent. That, I have no doubt, will be a very important concession for the development of the country. We do not think that a reduction was needed earlier. So long as the first flush of the Yukon excitement was on, the people were ready to go in and pick up their nuggets and pay the royalty cheerfully. But that is over, and, if that is to be a permanent mining district, mining must be carried on under better conditions than heretofore. Everything that increases the cost of mining is a disadvantage to the miner and to the development of the district. So, my hon. friend the Minister of the Interior has concluded to advise that this reduction should be made and we have accepted it. This does not necessarily mean that the revenue will be reduced by half. For my part, I am a great believer in the idea that you can sometimes get as much money out of a low duty as out of a high duty. I am not prepared to say that it will be so in this case, but, undoubtedly the tendency of high duties is to lead to smuggling. Therefore, with a less royalty than we have heretofore had we shall be able the better to collect the revenue, and I trust we shall not have so great a

falling off in the revenue from that source as might seem probable from the mere announcement of the reduction of the duty.

SOUTH AFRICA CONTINGENTS AND HALIFAX GARRISON.

The House will be glad to be informed as to the expenditure on the South Africa contingents and the garrison at Halifax. We appropriated two millions for the war in South Africa, and the probability is that that will just about cover our expenditure.

The following figures show the expenditures upon the contingents :

Expenditure on South African Contingents.

1899-1900—	
First contingent	\$ 305,503 57
Second "	946,714 48
General	185,387 77
	\$1,437,605 82
Less refunds.....	8,247 22
Total expended 1898-1900.....	\$1,429,358 60
Expended to Feb. 26, 1901, from June 30, 1900	539,356 77
Estimated further expenditure	35,000 00
Probable total expenditure	\$2,003,715 37

Thus it will be seen that the expenditure will probably be very slightly over the amount already appropriated. Over and above that, however, we have made provision for a special item with respect to the garrison at Halifax. It will be remembered that it was the desire of Her Majesty's government to withdraw the Imperial regiment from Halifax in order that they might take part in the war, and the suggestion was thrown out that Canada might garrison Halifax. That was very cheerfully done. What may be the future of the arrangement we have yet to know and to announce to the House. The following figures will show the expenditure on the Halifax garrison :

Halifax Garrison.

1899-1900	\$116,265 14
Expended between June 30, 1900, and Feb. 26, 1901	184,711 73
Estimated further expenditure, 1900- 1901	85,000 00
	\$387,976 87

Recapitulation—South Africa Contingents and Halifax Garrison.

The expenditure on the South African war and Halifax garrison may be summarized thus:

Expended in 1899-1900 for South Africa contingents and the Halifax garrison	\$1,547,623 74
Expended from June 30, 1900, to Feb. 28, for South Africa contingents and Halifax garrison	724,068 50
Estimated further expenditure to June 30, 1900	120,000 00
Total	\$2,391,692 24

So that at the close of the fiscal year the account will probably stand, \$2,000,000 expended for the contingent in South Africa and \$387,000 expended on account of the garrison at Halifax.

CANADIAN SECURITIES AND THE TRUSTEE LIST.

I am glad to be able to make a very satisfactory statement with regard to the credit and standing of Canada abroad. Happily, under all governments Canada's credit for a long time has been strong, and we have reason to congratulate ourselves that during the past two or three years circumstances have helped us to add to that strength. The House will remember that in the last parliament we passed an Act whereby, in conjunction with an Imperial Act, arrangements were made for placing Canadian securities upon what is called the Trustee List of England. It has happened that during the past year or two the condition of the money market in England has been one of considerable severity. If we were merely to look at the quotations for our loans, without reference to the conditions surrounding them, we might easily reach the conclusion that Canada had merely held the credit she had several years ago. I think, however, we can comfort ourselves in the belief that we have strengthened our position somewhat. Our $2\frac{1}{2}$ per cent loan, which I had the pleasure of placing in London in 1897, was issued at a little more than $91\frac{1}{2}$, £90 10s. and a fraction. These stocks went as high in 1898 as $94\frac{1}{2}$, and they have been as low at times as 89. In the latest quotations our Canadian $2\frac{1}{2}$ per cents are quoted at 92, which is only a fraction better than they were when they were placed on the market in 1897. But if we would correctly understand our posi-

tion in this respect, we will look at the price of standard British securities, the consols, as they stood in 1897, and as they stand now. We find that in 1897, when our loan was issued at $91\frac{1}{2}$ and a fraction more, British consols were quoted as high as $113\frac{1}{2}$. To-day Canada's securities stand a fraction better than they did when they were placed on the market in 1897, but British consols, which were quoted as high in that year as $113\frac{1}{2}$, have in consequence of the stringency of the money market and the difficulties arising from the war, fallen as low as $97\frac{1}{2}$. So when you come to compare the conditions as they were in 1897 and the conditions to-day, you will discover that while in the actual condition of the money market all securities have fallen to a considerable extent, while the standard security of all British consols has fallen in a very marked degree, the securities of Canada have held their own and stand to-day a fraction better than when the loan was placed in the year 1896.

BOUNTIES ON IRON AND STEEL.

I have referred, Mr. Speaker, to the question of the bounties on steel and iron. There is a matter in connection with that subject which I should now mention to the House. The policy of paying bounties on steel and iron was adopted a good many years ago, and by some strange process, the exact reason for which one cannot easily find, they were not met by direct payment from the treasury. A curious process was adopted whereby these payments were treated as refunds or drawbacks in the Customs Department. Now, if a man pays duties under an error and has to have a refund, that is right; the amount should be deducted from the customs revenue, because it affects the customs revenue. But the payment of a bounty on steel and iron was certainly not a refund, because the money never went into the treasury, and why it should come out of the treasury in the form of a refund or payment in that way, I have not been able to ascertain. However, that was the method established and we have followed it up to the present time. The consequence has been that our actual revenue for customs has been stated somewhat less than it really was, because

it was charged with these sums. Hitherto they have not been much, they have been much in the aggregate, but in any one year up to the present time the amount has not been large enough to become a matter of any considerable consequence. But with the prospect of having to pay very large sums now and for several years to come for that service, I think the House will agree with me that it is time there was a change in the method of book-keeping. I propose, therefore, that hereafter, beginning with the 1st of July next, whenever payments are made in the way of bounties on iron and steel, they should be paid directly from the treasury and should be shown in the public accounts in that way, instead of appearing in the Auditor General's Report, which is the only place you can conveniently find them, as a refund of duty, which is of course entirely incorrect. Now, I think the House generally will agree with me that this is a wise policy. There is one other point in connection with the matter. If these bounties were to be paid continuously from year to year as part of our ordinary expenditure, we should of course have to charge them against the revenue of the year, they would have to be charges against income. But the House is aware that we are treating this as a temporary subsidy for the establishment of a great industry, and we propose that that should cease to exist this year in a short time—in six years from the 1st of July next. We propose, therefore, to treat this precisely as we do a railway subsidy, and that it should appear in a statement of the public accounts exactly as a railway subsidy now appears. That will make a slight change in some comparisons that are occasionally made. If we want to be absolutely exact in our calculation with respect to customs revenue and with respect to surplus and deficit, a careful note must be taken by those interested in such discussions, and it will be admitted that it is better that we should make a change in the way I propose than that we should go on paying large sums of money, one million, two millions, some persons say three, four or five millions, in the way that it has hitherto been paid, thus diminishing our apparent customs revenue, instead of paying it as a direct charge upon the country.

Mr. WALLACE. Will it be charged to consolidated revenue fund?

The MINISTER OF FINANCE. It will not be charged to consolidated revenue fund.

Mr. WALLACE. Why?

The MINISTER OF FINANCE. It will be treated as a railway subsidy. We have treated railway subsidies, not as chargeable to the ordinary revenue of the year, but to a special revenue, and not as if it were to become an ordinary and annual charge. If it were a continual charge it would be perfectly right to charge it against the consolidated fund, that is, against the ordinary expenditure of the country; but as it is to be a special charge, existing only for a short period and designed as a subsidy for establishing a great industry, we propose to treat it exactly as the grant of a similar sum of money for the encouragement of a railway.

Mr. WALLACE. Then we understand it will be charged to capital account?

The MINISTER OF FINANCE. Well, the book-keepers make a fine distinction, which perhaps neither my hon. friend nor myself clearly see, between capital account and railway subsidies. Perhaps the theory upon which that has been done is this: That if you make a public work, even though it is only a hole in the ground, it belongs to the Dominion, but a subsidized railway does not belong to the Dominion. That is the theory, at all events. We do not call it, technically, capital account. It is charged to a special account, but in the sense which the hon. gentleman has in his mind it is capital account, inasmuch as it is not charged in the ordinary expenditure of the year.

TARIFF—BEET ROOT SUGAR INDUSTRY.

I do not propose, Mr. Speaker, to make any changes in the tariff. In saying that I do not for one moment assume that the tariff is perfect, I quite realize that imperfections may be shown. I realize that here and there some special interest would be pleased if we were to make some change. I am not prepared to say that there are not some cases in which there are inequalities which might better be remedied. But there are not many items in the tariff which can stand absolutely alone. Occasionally, a

man comes to me and says : Mr. Fielding, I entirely agree with your policy in having a stable tariff ; we do not want to make changes generally, but we want you to make this particular change, and everybody will be perfectly satisfied. But I have not found that everybody would be satisfied with the particular change which my particular friend would desire. As a rule, the tariff items have relation one to another, and it is not easy to make any considerable number of changes without opening the door to a wide revision of the tariff. I think the business men of the country have appreciated the value of some measure of stability in the tariff. I have again and again expressed the opinion that it was better we should bear some imperfection and some inequalities than to be constantly engaged in the process which is irreverently described as tariff tinkering.

Therefore, we say, considering the tariff has only been in force for four years, that we think it is not unreasonable that it shall continue for the present without the changes that some desire to have, for some will always think that it might be a little better for them, and they are patiently waiting for the day to come when there shall be a wider revision than is possible to-day and when possibly we may be able to do some of the things that they desire to-day. I think, that, while, here and there, some particular set of people, or some particular interest, would prefer that we would make changes, the judgment of the country will be that it is better to have some stability about the tariff and not make any changes at the present time.

I have stated that we shall make no changes, but that is not strictly correct, and I shall qualify that statement in respect to one item, which is scarcely in the nature of a change but rather in the nature of an explanation of a feature of the tariff adopted last year. We have been asked to consider the question of establishing the beet-root sugar industry in this country. We have been asked to grant bounties to that industry and we have not been able to comply with that request. We found that the bounty system, adopted some years ago and put in operation, was not successful, and we are not quite satisfied yet that we would be justified in granting bounties to revive

that business. In saying that it is not my wish to discredit, if I could, and I could not because my knowledge would not permit me to do so, the statements of gentlemen who have represented to us that the conditions in the province of Ontario to-day are much better than the conditions were in the province of Quebec and that, therefore, they could probably make the industry a success. We think, at all events, that we have not yet reached the point that would justify us in reviving the bounty system, which was tried before and which was a failure. At the same time, we, last year, made a concession to this industry in the form of free machinery. It was represented to us that they were hoping to secure a bounty from the Ontario legislature, and that if, in addition to that, we could grant them exemption from duty on the machinery, it would be a very valuable concession, inasmuch as machinery is a very large item in the cost of a beet-root sugar factory. Responding to that wish—of course, there are many who would have been pleased had we gone farther, but, responding to that extent—we introduced an item into the tariff for the purpose of making machinery free, but it was qualified with the words that the machinery should be of a class not made in the Dominion of Canada. That is the usual condition of any exemption of that character. It has been represented to us that that qualification, as respects the machinery being made in Canada, prevents the concession becoming of any substantial value to the promoters of this industry. It is represented, and it seems to me to be reasonable, that a beet-root sugar plant is a somewhat delicate piece of machinery and that it is important that it should all be made, or controlled, by one manufacturer or contractor, so that he may be held responsible for the equipment of the whole factory, and if he is obliged to buy one piece of machinery in Canada and another in the United States there is an absence of that harmonious co-operation that is essential to success. Taking that into consideration, we have concluded to interpret our Act of last year, and to introduce an amendment which will make it clear that for one year, reserving the question as to whether circumstances will warrant us in

continuing it, we will permit the free admission, under any regulations that may be made by the Customs Department, of machinery of every kind imported for the purpose of equipping a beet-root sugar factory into the Dominion. We think, if the industry is to be put on a basis of business, if the industry is as promising a one for the Dominion as it is said to be, with the bounty which is allowed by the legislature of Ontario, and with this valuable concession, for it is a valuable concession, in respect to the machinery, an opportunity will be allowed for giving that business a fair trial in the province of Ontario. Such, however, is our hope, and I have no doubt my hon. friend the Minister of Agriculture (Mr. Fisher) will be able to lend the assistance of his department. I am told that one of the greatest difficulties that they have to contend with in this business, is, in the cultivation of a beet of the proper strength and of the proper quality. That is a matter coming particularly within the authority of the hon. Minister of Agriculture, and I have no doubt that he will be glad to lend the assistance of his department in the way of instruction, information, lectures, circulars and literature, or in any direction that tends to improve the cultivation of the beet.

Now, a marked characteristic of the present session has been short speeches and I desire to have the budget speech respond to the general feeling in that respect. After all, the only question of real importance in the budget speech, outside of the general information it contains and which may be interesting, the thing that always interests people in the budget speech is the question of tariff changes, and as we have no tariff changes to announce, there is no reason why I should occupy the time of the House with an extended speech. The tariff policy we have to offer to-day is the tariff policy which we adopted in 1897 and which we have continued up to the present time. It is a tariff policy based upon the necessities of our revenue, a revenue tariff, which incidentally affords a very considerable degree of encouragement to those engaged in Canadian industries, and having as its leading principle the principle of the British preferential tariff.

PREFERENTIAL TARIFF.

I am afraid that on that question we are as wide as ever from our hon. friends opposite. Perhaps it is not easy for me to determine how wide the difference is between us, in view of some of the conflicting statements hon. gentlemen have made from time to time, but I suppose I shall not be wrong if I say that the ground taken by hon. gentlemen opposite is, that while they are in favour of the principle of a British preferential tariff, they are opposed to what they call a one-sided preference.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Hear, hear; I am glad to receive these hear, hears, because they show that I have correctly described, as I desire to do, the attitude of hon. gentlemen opposite. They say that they are opposed to a one-sided preference and they say our preference is a one-sided one.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Hear, hear; and again I am glad to have it. Surely if a one-sided preference is bad, and if our preference is a one-sided one, there is only one thing for hon. gentlemen to do, and that is to bring down a resolution to repeal the British preferential tariff.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. I am bound to believe that they will do so, and if so, of course we will have at once the issue joined between us. We can respect their view although we differ from it. But, we will know exactly where we stand and we will know where they stand. They have held that we did wrong in granting a preference to the goods of Great Britain without demanding a preference for Canada in the markets of Great Britain.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Again, those comforting hear, hears, which show that I am correctly giving the views of my hon. friends. They have been pleased to try to persuade themselves and try to persuade the public that the preference in the

English market, which they desire, can be had for the asking. Year after year they have endeavoured to persuade themselves of that. I suppose, that, like a man who tells the same story again and again until he persuades himself that it is true, many hon. gentlemen opposite have persuaded themselves they can easily obtain that preference in the English market. We thought that the utterances of the English press, the articles published in the great British journals, the statements of the leading public men in both political parties, and most of all the statements of such men as Mr. Joseph Chamberlain, Sir Michael Hicks-Beach and the Duke of Devonshire, made it perfectly clear that that preference, which hon. gentlemen opposite believed it was so easy to get, could not be obtained in the English market, and that view we still hold. The only new incident that has occurred that I can recall since I last discussed this subject here, was that which occurred in connection with the meeting of the Associated Chambers of Commerce in London last summer. There the question was raised in a very gentle and modest form; in the form of a resolution asking Her Majesty's government to appoint a royal commission to inquire into the question of Imperial trade. But even in that innocent form, so innocent and harmless that it is difficult to see how any one would oppose it, we find that when they asked a hearing before the British Prime Minister to present their resolution, he stated that the time was not opportune to consider it and he declined to receive the deputation. And then, disengaged and discomfited by the illustrious Prime Minister of Great Britain, they went to the Colonial Secretary. They made a visit to Mr. Chamberlain, who, I have no doubt, received them with that great courtesy and consideration which he always extends to Canadians. They tried to persuade Mr. Chamberlain that this preference should be granted, and their own records and reports show us—and can be quoted if necessary—that Mr. Chamberlain told them courteously but firmly and emphatically that the thing could not be entertained for a moment unless they were prepared to give up their tariff protection against Great Britain. That was the basic principle of Mr. Chamberlain's statement, and these gentlemen were not pre-

pared to give that up, nor would I have been prepared to give it up if I had been in their place.

Mr. MACLEAN. Mr. Chamberlain may have to change his mind like others.

The MINISTER OF FINANCE. Possibly. My hon. friend (Mr. Maclean) will do me the justice to say that I am dealing with things of the past and present, and we will not say too much of the future, but I say that as respects the past, in the year 1897, when we adopted our tariff, that policy of a preference in the English market was not possible. It was not possible in 1898; it was not possible in 1899; it was not possible in 1900, when the Prime Minister of Great Britain refused to even receive a deputation to talk about it; it was not possible when the distinguished Colonial Secretary told the deputation that he could not entertain the matter unless they were prepared to abandon the tariff against Great Britain.

Mr. KEMP. May I ask the hon. gentleman (Hon. Mr. Fielding) where he got his information in reference to his observation that Mr. Chamberlain refused to receive the deputation?

The MINISTER OF FINANCE. My hon. friend (Mr. Kemp) has misunderstood me. I did not say that Mr. Chamberlain refused to see the deputation. I am aware that the deputation of which my hon. friend (Mr. Kemp) was a member, called on Mr. Chamberlain. What I did say was that the Prime Minister, Lord Salisbury, refused to see the deputation which only asked the privilege of presenting this bald and not very strong resolution.

Mr. KEMP. There was no deputation to Mr. Chamberlain.

The MINISTER OF FINANCE. Does the hon. gentleman say there was no deputation to Mr. Chamberlain?

Mr. KEMP. Not this last summer.

The MINISTER OF FINANCE. I hold in my hand the report of the delegate of the Ottawa Board of Trade, who was one of the deputation which called upon Mr. Chamberlain, and who describes Mr. Cham-

berlain's reception precisely in line with the statement I have just made.

Mr. KEMP. A deputation from the Chamber of Commerce did not call on Mr. Chamberlain.

The MINISTER OF FINANCE. Well, now, my hon. friend (Mr. Kemp) is a new member, and he surely does not mean to distinguish between a committee formally appointed by the Chamber of Commerce and a number of gentlemen who were members of that body. But if it was not a deputation of the Chamber of Commerce, what have we to think of the Ottawa delegate who gives a full report of the whole proceeding, as a part of the proceedings of the Congress of Chambers of Commerce in London?

Mr. KEMP. Do I understand the Minister of Finance to say that the deputation which called upon Lord Salisbury also called upon Hon. Jos. Chamberlain?

The MINISTER OF FINANCE. My hon. friend (Mr. Kemp) is mistaken again. I did not say that. My hon. friend (Mr. Kemp) tries to draw a distinction between a deputation formally authorized by the congress, and a number of gentlemen who were members of that congress, and who, I suppose, were not formally appointed for the purpose of waiting on Mr. Chamberlain. I do not think the hon. gentleman (Mr. Kemp) will ask us to treat that distinction as serious. I have here the report addressed to the president and members of the Board of Trade of Ottawa. It is of very great length, and the House would not justify me for delaying them by reading very much of it, but I think I will have to give a passage. This is the report of Mr. Thomas Macfarlane, the delegate from the Ottawa Board of Trade.

Mr. WALLACE. Is that the Dominion analyst?

The MINISTER OF FINANCE. I think likely. He seems to have analysed this question over there very well.

Some hon. MEMBERS. Hear, hear.

Mr. WALLACE. He did not represent the commercial men of Ottawa very much.

The MINISTER OF FINANCE. He was appointed by the Board of Trade of the city of Ottawa to represent them, and my hon. friend (Mr. Wallace) is not treating that body with very great courtesy when he says Mr. Macfarlane did not represent them. I presume if he was delegated by them that he fully represented them. This report recites the story of the failure of the deputation to obtain a hearing from Lord Salisbury, and then it goes on to say:

Chamberlain interview.

Quite as interesting as the proceedings of the congress itself were certain events which happened after its close, and in which some of the delegates took part. Most of them received a copy of a printed circular containing the letters from the Premier and the President of the Board of Trade in which they declared the time to be inopportune for discussing the subject of increasing and strengthening trade relations between the different portions of the Empire. This was a great disappointment, and it was, I believe, in order somewhat to make amends for it, that Lord Strathcona arranged with the Rt. Hon. Mr. Chamberlain that he should informally receive some of the Canadian delegates.

My hon. friend (Mr. Kemp) will see that they did not go formally. They were not formally delegated by the Chambers of Commerce to go, but a number of the Canadian delegates went to Mr. Chamberlain, and I think they did quite right to do so.

Mr. KEMP. That does not say what Mr. Chamberlain stated.

The MINISTER OF FINANCE. My hon. friend (Mr. Kemp) is too hasty. He had better wait. I trust the House will pardon me if I have to read a somewhat lengthy extract. The report goes on to say:

This interview took place on the 10th July, when, besides the Colonial Secretary, Lords Selborne, Ampthill and Strathcona were present. Of delegates: Mr. Kemp of Toronto, Mr. Cockshutt of Brantford, Dr. Parkin, General Twigge and I attended, who all had an opportunity of pressing upon Mr. Chamberlain our views regarding trade relations. Messrs. Kemp and Cockshutt spoke generally of the advantages of preferential trade, and Dr. Parkin tried to show the necessity of having the subject properly investigated by a commission of experts. Mr. Chamberlain replied in a quiet conversational way and endeavoured to show that no progress could be made until the colonies abandoned protection as against Great Britain.

Some hon. MEMBERS. Hear, hear.

Mr. KEMP. Will the hon. minister allow me to say, that I understood the Finance Minister to state that the deputation which desired to wait on Lord Salisbury, also

wished to wait on Mr. Chamberlain. That is what I meant, but perhaps I did not make my point very clear.

The MINISTER OF FINANCE. I quite agree with my hon. friend (Mr. Kemp) that the deputations were not necessarily the same, but the only point of my remarks was, not exactly what the board of trade did; not what any particular delegate did, but what Mr. Chamberlain said and did. I cannot understand how the force and effect of what Mr. Chamberlain said and did is in the smallest degree touched by the circumstance as to whether the delegation went by one street or by another. I thank my hon. friend (Mr. Kemp) who interrupted me, because I know he was present, and I think he did quite right in going to Mr. Chamberlain. The point I desire to make in all sincerity is this: that these hon. gentlemen who have persuaded themselves that this getting of a preference in the English market was an easy and simple thing, have been mistaken, and they must know it now from the highest possible testimony. Again and again it was suggested that Mr. Chamberlain in some mysterious way had given them some encouragement, but here is the latest utterance of Mr. Chamberlain quoted by a gentleman who is known to be an enthusiastic advocate of that kind of preferential trade, and Mr. Chamberlain says distinctly that you cannot get that kind of preferential trade unless you will take down your tariff altogether against England. My hon. friend from Toronto would not be willing to do that, and I am frank enough to say that I would not be willing to do it either.

Now, I have said all this concerning the past. We do not deny that if we did get that preference in the English market, it would probably be of some advantage to the Dominion of Canada; but we say that is a question for the Imperial authorities rather than for us. If we could get that preference, we are as willing to assist in availing ourselves of any advantage which might come to Canada through it as any

of the hon. gentlemen opposite. The only difference between us is as to the possibility of getting it and as to the means of getting it. I do not believe, Sir, that it can be obtained to-day. I do not believe, notwithstanding all that one reads in the telegrams from the other side, that we are likely to have a change of front immediately on the part of the Imperial government on the trade question. Yet I would not speak of the future. We live in times of great movements and great changes. I will not say that at no future time in the history of the empire, and the early future possibly, shall this preference be given. Again and again I have stated in this House that that is a question which we must be content to leave to the future. We have believed that the true policy of preferential trade was, not to make demands on the Imperial government which we well knew they could not afford to yield to us. The true policy was to give to Great Britain this preference freely and openly, leaving the Imperial government and parliament to adopt that trade policy which in their judgment was best adapted to the interests of the English people. But, if this preference, which my hon. friends opposite desire to obtain, is ever to come, I beg them to accept my opinion, my assurance, which I give them in all sincerity, that they will never obtain it by the methods they have employed—that they will never obtain it by demands on the home government which are obnoxious to the great mass of the English people. We have much to hope from cultivating the good-will of the English people. I venture to say, as I have said before, that if the time ever comes when we are to receive that preference, we shall not receive it as the result of any huckstering or bargaining between England and the colonies, but as a result of the development of that Imperial sentiment which may override questions of political economy, and in the creation and development of that Imperial sentiment a large and important factor has been the British preferential tariff of the Canadian government.

DOMINION OF CANADA

TOTAL TRADE FOR YEARS ENDED JUNE 30TH, 18-

1

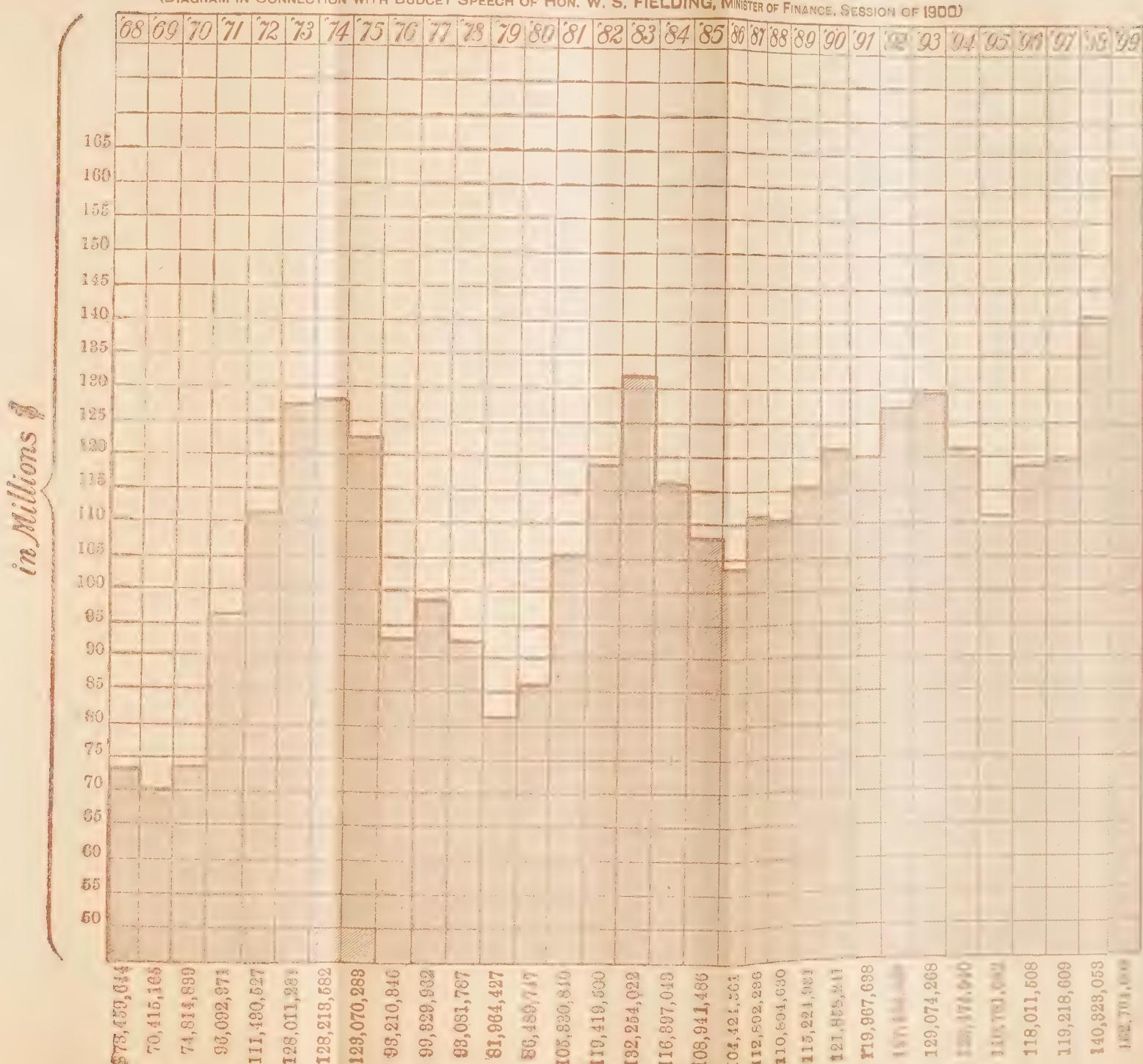
(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900-1)



2

DOMINION OF CANADA
TOTAL IMPORTS FOR YEARS ENDED JUNE 30TH, 18-

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900)

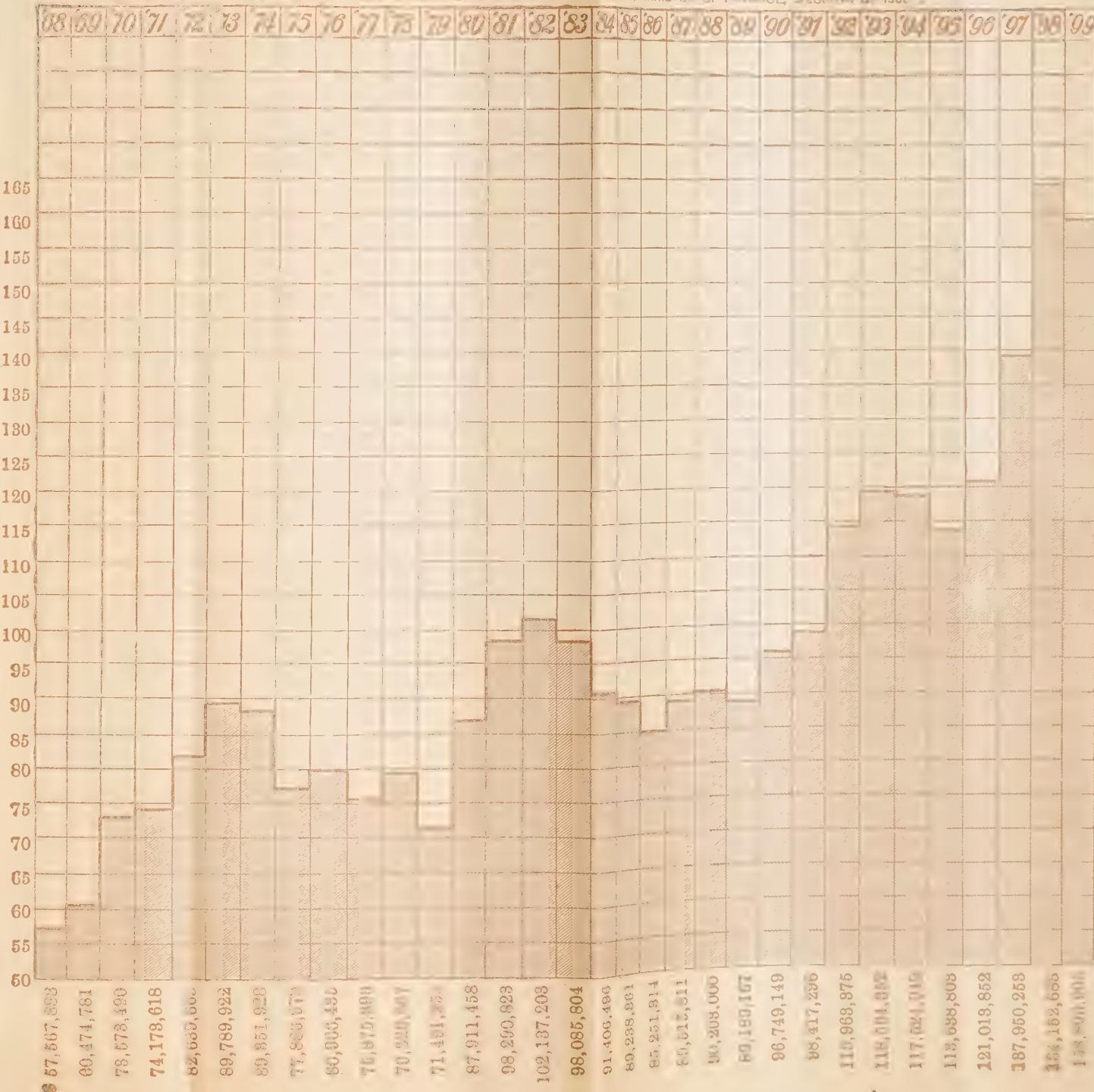


DOMINION OF CANADA

3

TOTAL EXPORTS FOR YEARS ENDED JUNE 30TH, 18-

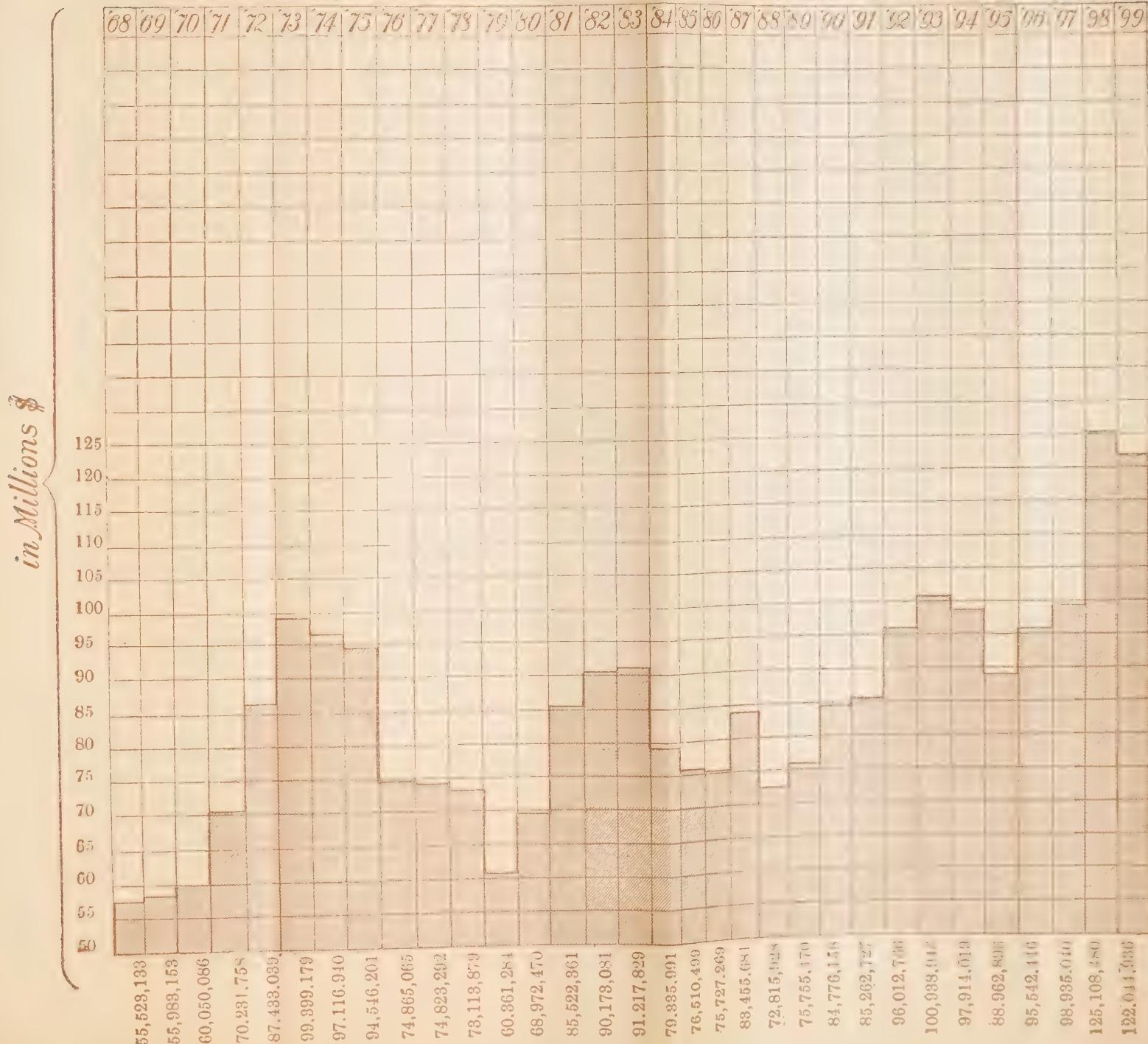
(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

in Millions

TOTAL IMPORTS (HOME CONSUMPTION) FROM GREAT BRITAIN AND EXPORTS
 (PRODUCE OF CANADA) TO GREAT BRITAIN, FOR YEARS ENDED JUNE 30TH, 18-

(COIN AND BULLION NOT INCLUDED.)

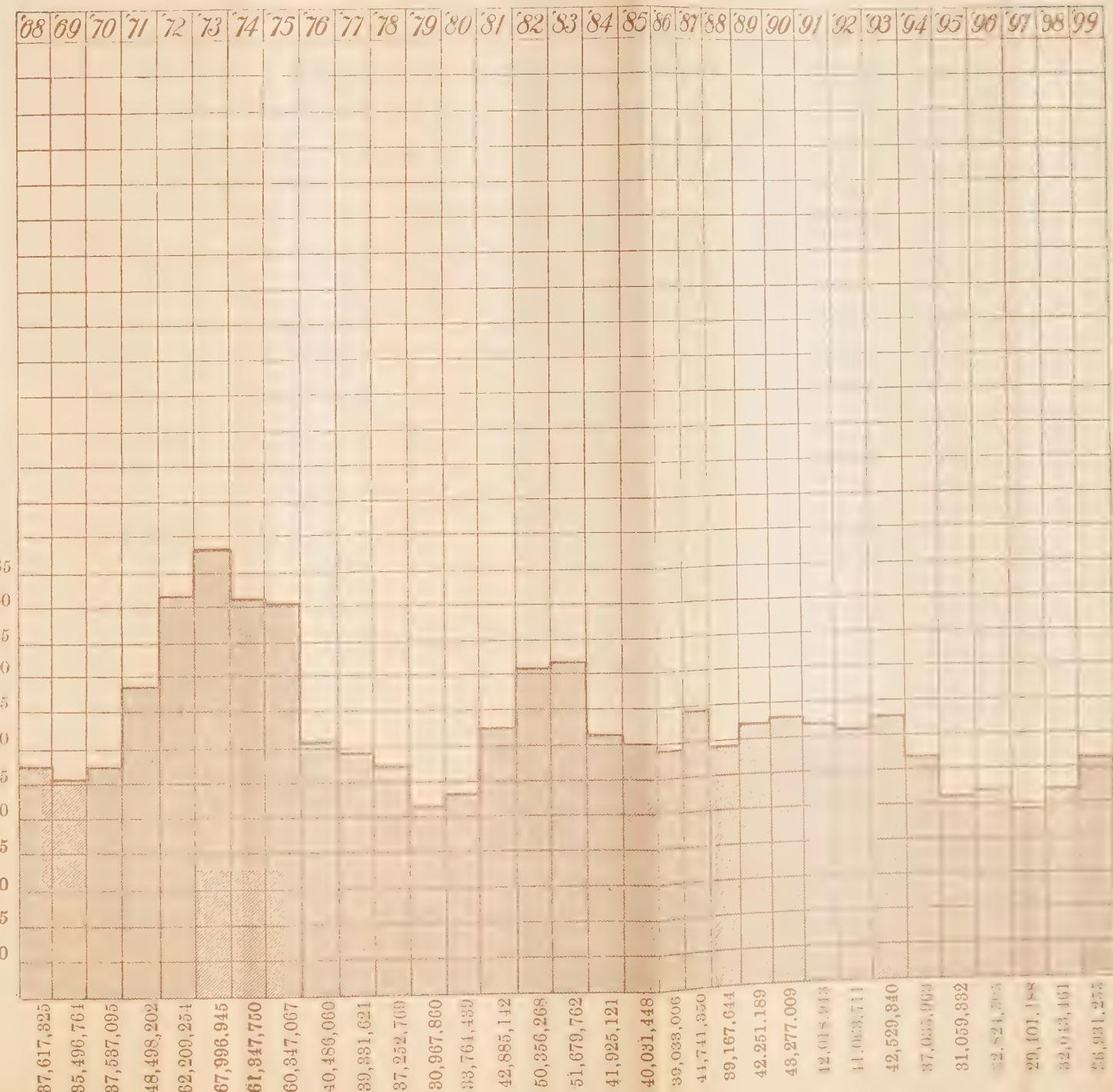
(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)



TOTAL IMPORTS (HOME CONSUMPTION) FROM GREAT BRITAIN,
FOR YEARS ENDED JUNE 30TH, 18-

(COIN AND BULLION NOT INCLUDED.)

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

in Millions \$

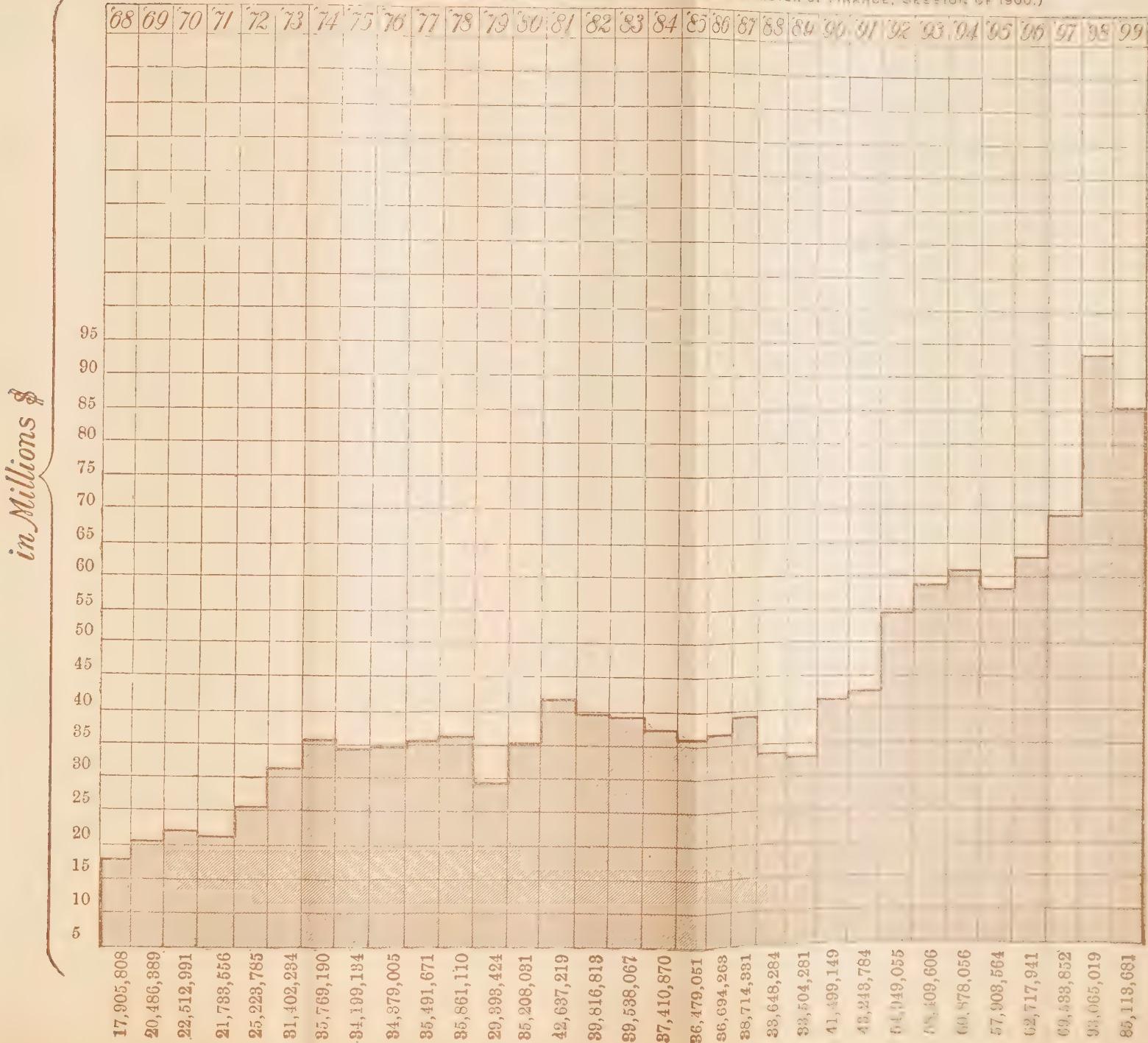
DOMINION OF CANADA

6

TOTAL EXPORTS (PRODUCE OF CANADA) TO GREAT BRITAIN FOR
 YEARS ENDED JUNE 30TH, 18-

(COIN AND BULLION NOT INCLUDED.)

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)



DOMINION OF CANADA
SHIPPING, INCLUDING ALL VESSELS (EXCLUSIVE OF COASTING VESSELS)
TONNAGE EMPLOYED

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

JUNE 30TH, 18-



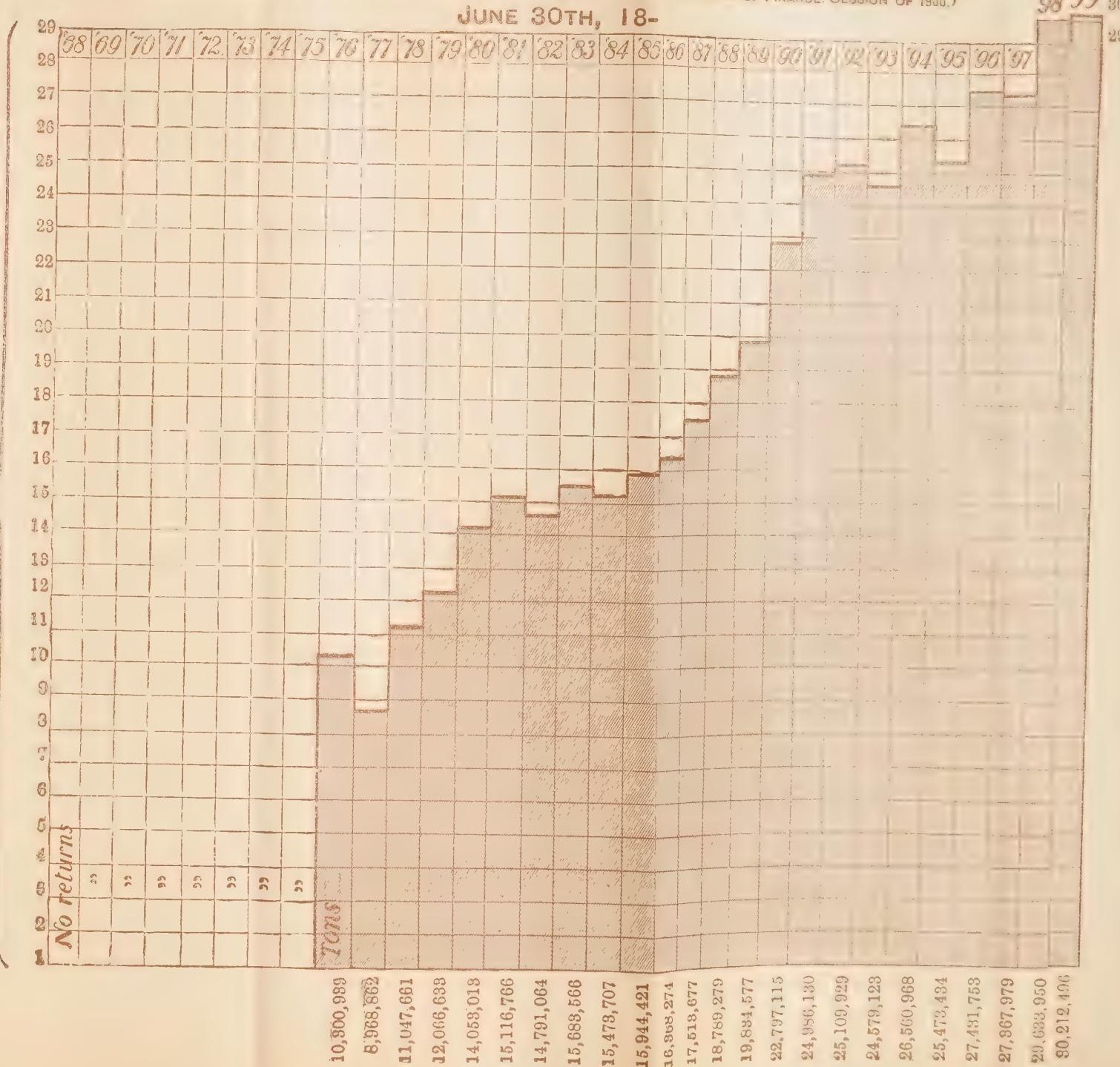
DOMINION OF CANADA
COASTING TRADE—TONNAGE EMPLOYED

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE: SESSION OF 1900.)

8

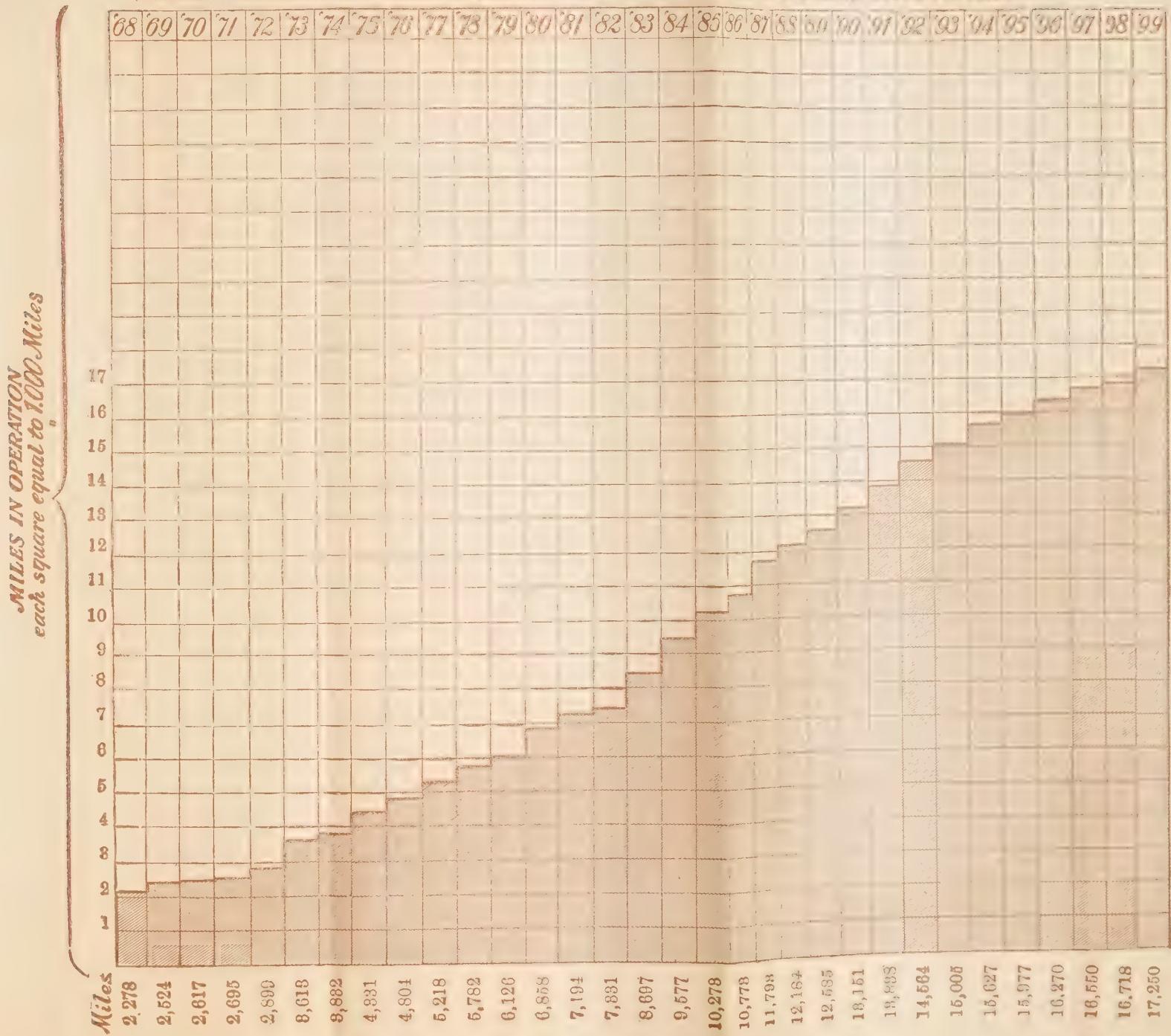
Million Tons

JUNE 30TH, 18-



**DOMINION OF CANADA
RAILWAYS IN CANADA (MILES IN OPERATION)
JUNE 30TH, 18-**

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

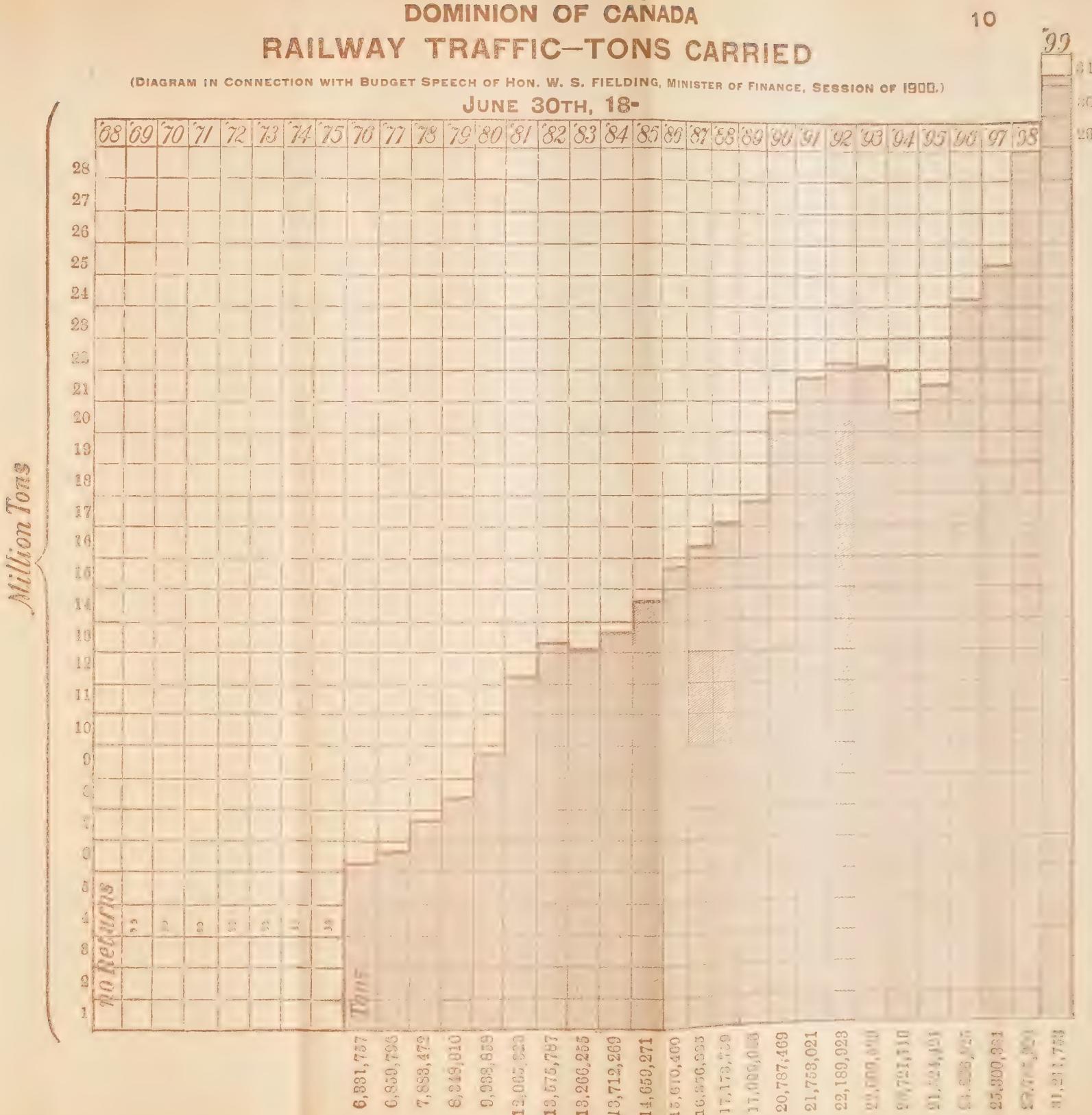


DOMINION OF CANADA
RAILWAY TRAFFIC—TONS CARRIED

10

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

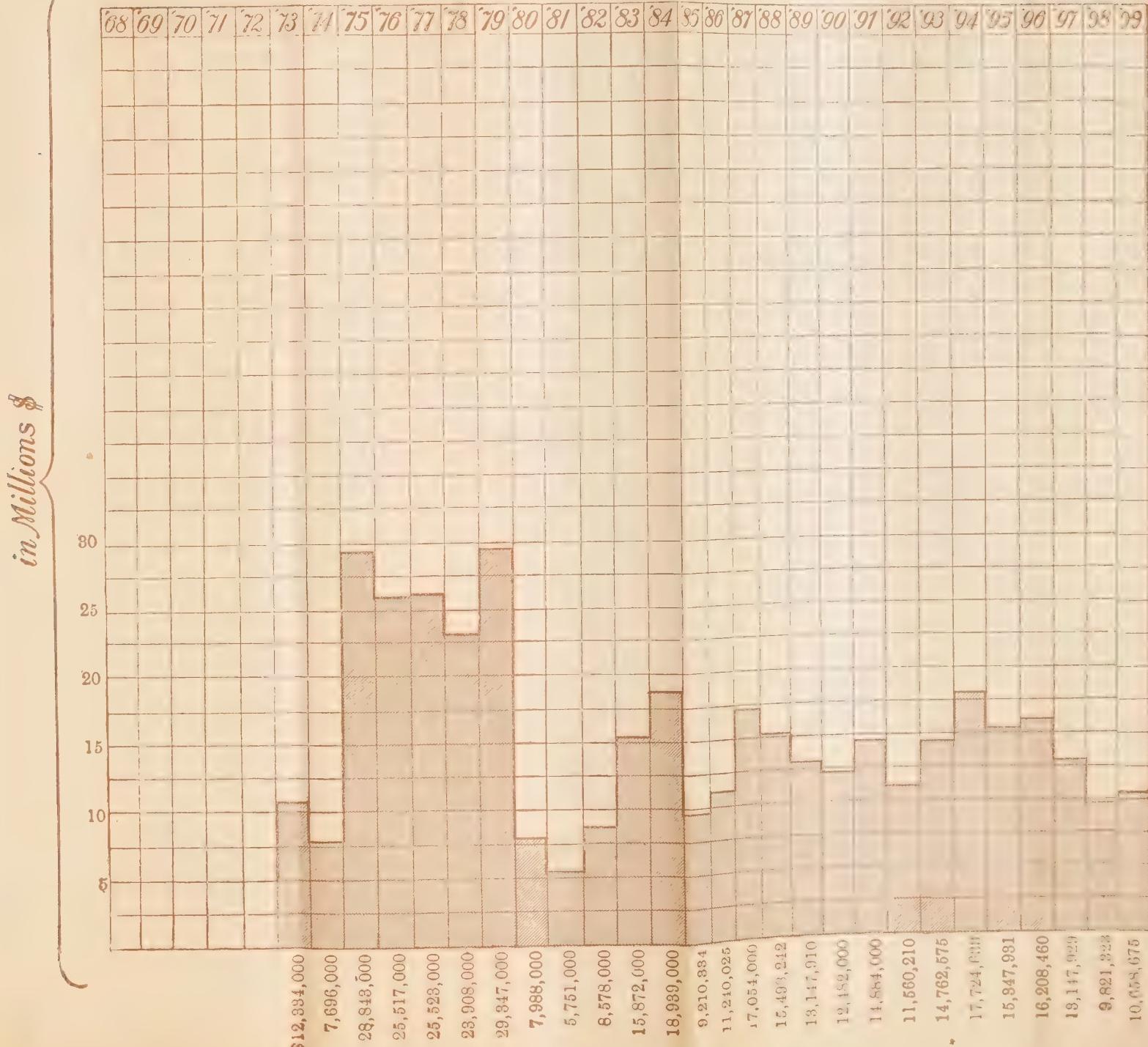
JUNE 30TH, 18-



DOMINION OF CANADA
BUSINESS FAILURES IN CANADA
(NEWFOUNDLAND INCLUDED TO 1891 INCLUSIVE)

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

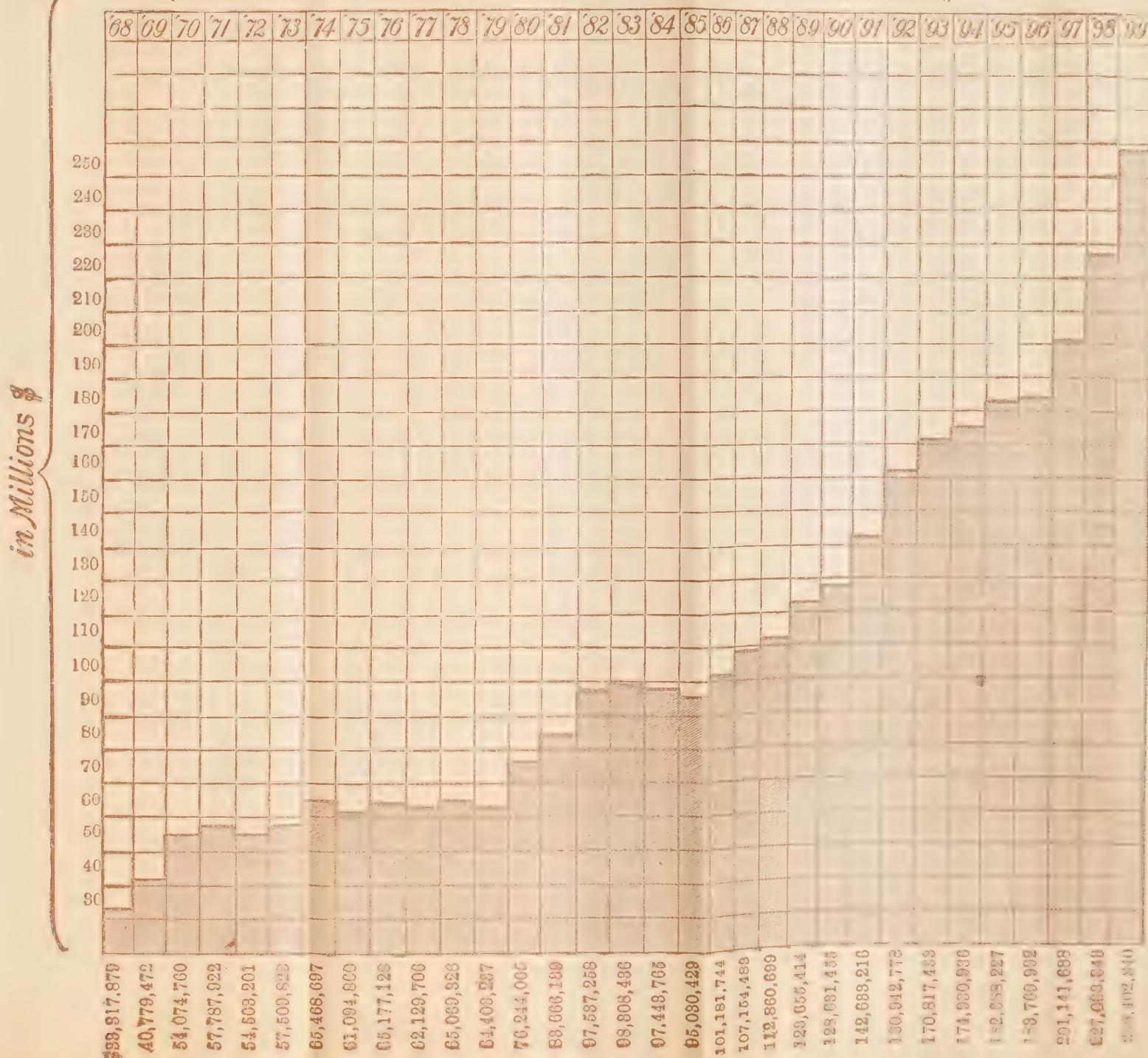
DEC. 31ST, 18-



DOMINION OF CANADA
DEPOSITS BY THE PEOPLE IN THE CHARTERED BANKS OF CANADA
JUNE 30TH, 18-

12

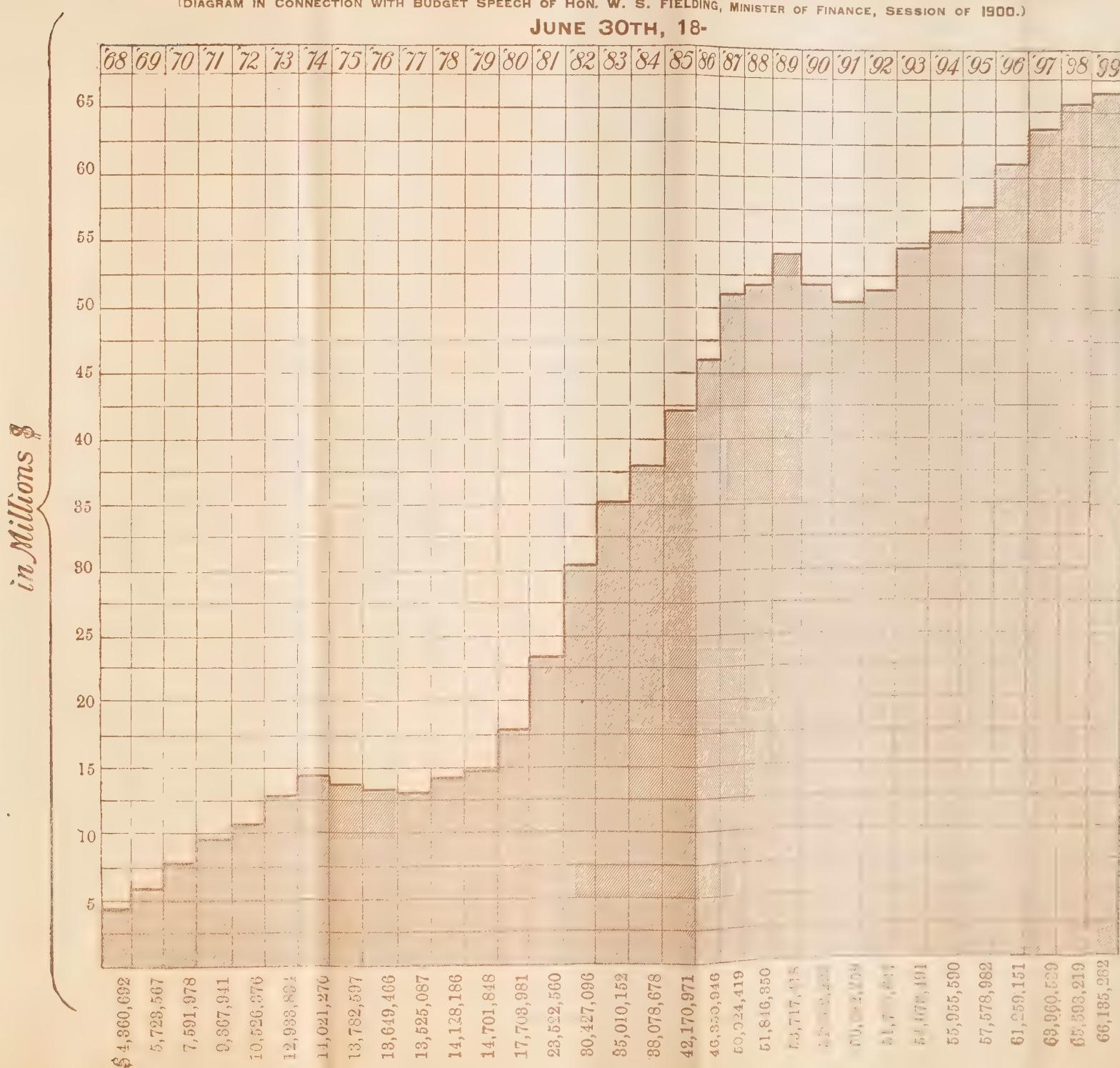
(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)



DOMINION OF CANADA
DEPOSITS IN SAVINGS BANKS OF CANADA
Including City and District Savings Bank, Montreal, and Caisse d'Economie, Quebec

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)

JUNE 30TH, 18-

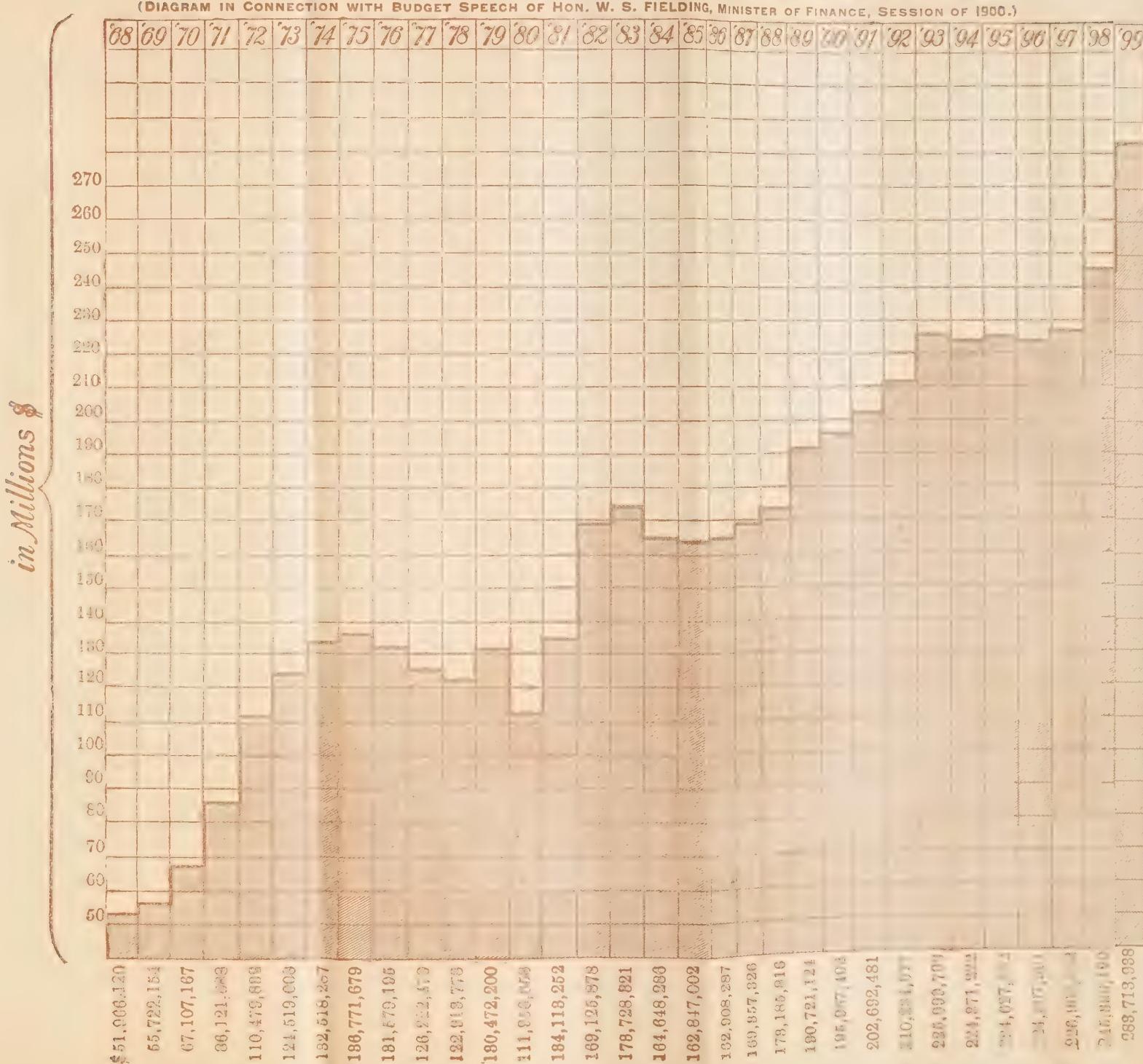


DOMINION OF CANADA DISCOUNTS

14

As shown by the Monthly Statements of the Chartered Banks of Canada, June 30th, 18-

(DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.)



DOMINION OF CANADA

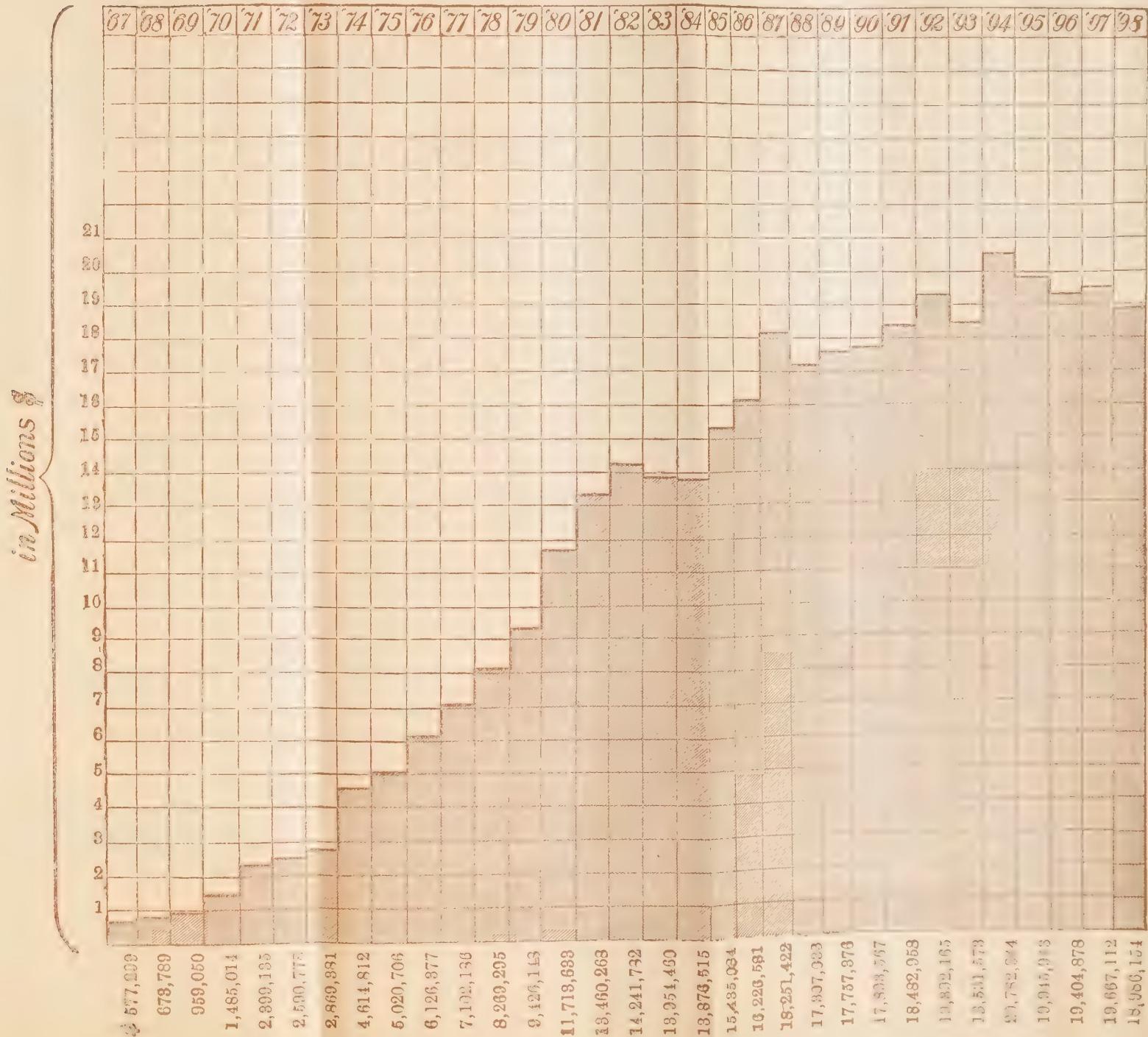
15

DEPOSITS MADE WITH LOAN COMPANIES AND BUILDING SOCIETIES

EACH YEAR FROM 1867 TO 1898, INCLUSIVE

[DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1900.]

DEC. 31ST, 18-



CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

MONDAY, MARCH 17

1902



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1902

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, MONDAY, MARCH 17, 1902

The MINISTER OF FINANCE (Hon. W. S. Fielding) moved :

That the House resolve itself into Committee to consider the Ways and Means "or raising the Supply to be granted to His Majesty.

He said : Mr. Speaker, it is my happy privilege to present to the House to-day another chapter in the continued story of Canada's prosperity. A year ago, when speaking on an occasion similar to this, and congratulating the House on the then happy state of affairs, I expressed the opinion that the country had about reached the crest of the wave of business activity. I did not anticipate any immediate depression or any severe depression at all. What I suggested was that we might look forward to a period of check, a period during which we would not continue the rapid advance of the past—a period of rest after which the Dominion would again go forward by leaps and bounds. Some hon. gentlemen opposite thought that my view was too hopeful. Their observation of the signs of the times led them to believe that we had already entered upon a period of depression. In view of the operations of the year which has since passed and of the present outlook for the future we are able to see that my own anticipations and those of my hon. friends opposite have both been agreeably disappointed. The business condition of the country has proved very satisfactory, better than my own expectations, much better than the less hopeful views of my hon. friends on the other side. In a country so vast as ours, with such varied conditions, it would be too much to expect

that every section and every industry would be able to make the same gratifying report of prosperity. But I think I can truly say that during the past few years we have approached as near to that happy condition as could reasonably be hoped for. In nearly all the great branches of industry, the past year has been one of activity and prosperity. In the paramount industry of agriculture, which must long continue to be the very foundation of our prosperity, the results of the year have been most gratifying, especially in Manitoba and the North-west Territories, where increased acreage under cultivation and a most bountiful harvest gave us vast stores of grain which have taxed our facilities of transportation to the utmost, and warned us that larger provision must be made for the handling of the treasures of the great west.

The one disappointing feature of the year's affairs has been the census returns, which show a growth of population somewhat less than many had hoped for. But while these returns are for the moment disappointing, they are by no means discouraging. It is well known that during the first part of the ten years term there was comparatively little development of our country. But for the last five years Canada has been making very rapid advance. If it were possible to discriminate in the census between the two periods, it would probably be seen that practically the whole increase of population has taken place within the last five years, and viewed in that light the returns are encouraging. Fortunately, the condition of Canada in recent

years has been such that no statistics have been needed to prove its progress. The activity that has prevailed in all parts of the Dominion, the large enterprises that have been undertaken, the continued demand for labour—all these prove beyond question that Canada has recently been developing rapidly and give us every reason to believe that when the next census is taken the result will be satisfactory.

From the financial point of view, Mr. Speaker, the results of the year were exceedingly satisfactory. We had a revenue of \$52,514,701.13, a little less than my anticipations, but considerably greater than the revenue of the previous year. It will be interesting to know that this increase in revenue comes to us from all the different classes into which we divide our receipts, as appears by the following statement:

DETAILS OF REVENUE, 1900-1901 compared with previous year.

	Fiscal Year 1899-1900.	Fiscal Year 1900-1901.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Customs....	28,374,147 64	28,425,284 25	51,136 61
Excise . . .	9,868,075 35	10,318'266 0:	450,190 68
Post Office ..	3,205,535 16	3,441,504 93	235,969 77
Railways..	4,774,162 02	5,213,381 24	439,219 22
Dominion Lands....	1,388,023 78	1,517,319 52	129,295 74
Miscellaneous	3,420,050 07	3,598,945 16	178,895 09
	51,029,994 02	52,514,701 13	1,484,707 11

*This includes 'railways only'—canals revenue is included in 'Miscellaneous.'

These increases are all interesting, but some of them are worthy of special note. The excise duties are always interesting, not only because of the amount of duty involved in them, but because they show the consumption of certain articles which enlist

a good deal of attention in the country. Whether or not it will be gratifying to make the statement, the fact must be stated that there has been an increase during the year in the receipts in all branches of the excise duties, as appears from this table :

EXCISE DUTIES, 1900-1901.

	QUANTITY.		DUTY.		INCREASE.
	1899-1900.	1900-1901.	1899-1900.	1900-1901.	
			\$	\$	\$
Spirits.	Galls.	2,659,038	2,863,950	4,818,842	5,178,275
Malt.	Lbs.	60,284,064	64,723,616	904,262	970,855
Cigars.	No.	138,041,707	141,096,889	811,612	822,738
Cigarettes.	"	116,061,522	121,383,584	347,252	362,626
Tobacco and snuff	Lbs.	10,816,854	11,330,345	2,306,861	2,308,460
Raw leaf, foreign.	"	9,352,535	9,848,803	971,977	1,026,265

I give these figures because, as I have stated, the growth of trade in these articles is always a matter of interest, whether or not it meets with general approval. There are one or two other items in the revenue which are worthy of special note. I think my hon. friend the Postmaster General has reason to congratulate himself on the state of the post office revenue. There was an increase of \$235,969.77 in the revenue of that department. The post office receipts as shown in the books of the Finance Department amounted to \$3,441,504.93. The expenditure, by the same account, was \$3,939,446.01, showing a deficit of \$489,941.08, according to the books of the Finance Department. My hon. friend the Postmaster General has in his own report drawn attention to the different services performed as compared with the services of former

years, and in that light has made out a more favourable statement. But I give the figures as they appear in the books of the Finance Department, and they represent a deficit for the year of \$489,941.08. It is of course quite a large sum; but when we remember that only a few years ago the deficits of the Post Office Department were \$700,000 and \$800,000 per annum, if there was nothing else to explain the matter, this reduction down to \$489,000 would be a remarkable reduction on which my hon. friend the Postmaster General might well congratulate himself. But when we are able to go further and show that in the meantime my hon. friend has more than cut the English postage in two, and that he has reduced the Canadian postage one-third, that he has practically cut off what somebody else has described as a mil-

lion dollars in the charges upon the people, and still has reduced the deficit from \$700,000 and \$800,000 to \$489,000, I think it will be agreed that this is a very gratifying statement, and in the highest degree creditable to the government, and especially to the minister in charge of that department.

I am glad to be able to say that the post office returns for the present year indicate that we shall have at the next Budget a still more gratifying statement to make concerning that department. I find that for the eight months of the present fiscal year the sales of stamps, which of course is the chief source of revenue, have amounted to \$3,172,931. Last year for the corresponding period they were \$2,909,128. In 1898, before the reduction of postage, the receipts for eight months were \$2,946,513. So that to-day, with a three cent rate reduced to two cents, and with the English rate reduced from five cents to two cents, we are able to show receipts in the eight months of \$3,172,000, against \$2,946,000 when the higher rate prevailed. Looking at the operations of the present eight months in another form, the increased expenditure of the Post Office Department during these eight months amounts to \$45,000; but the increased revenue for these eight months amounts to \$260,000; so that in the operations of these eight months the Post Office Department shows a betterment of \$215,000. I have every reason to anticipate that when the Postmaster General prepares his next report he will have a very gratifying statement to present indeed.

Then, Sir, I think the receipts from railways are worthy of special notice. We hear very much about the expenditures on railways, because our outlay has been large. We hear very much of a deficit on railways when one occurs; but we are sometimes apt to overlook the large increase which has taken place in the receipts of those roads. I find that in 1896 the receipts for railways were \$3,140,678.47; last year, the receipts were \$5,213,381.24, an increase in five years of \$2,072,702.77. So that if my hon. friend the Minister of Railways and Canals makes large demands upon us, he is at all events able to show that we receive very large returns for them. In connection with the statement of last year, I would invite attention also to the operations of the railways for a period of seven months, as we have only returns to the end of January. I find that for the seven months of last year there was a loss on the operation of the Intercolonial Railway of \$537,479.40. But in the corresponding period of seven months in this year the loss on the Intercolonial Railway operation is only \$89,787.17, which would seem to indicate that at the close of the present fiscal year my hon. friend the Minister of Railways and Canals will have a fairly

satisfactory statement to present as against the one for the past year, which showed a deficit of \$488,000.

Our expenditure on consolidated fund for the year past was \$46,866,367.84, as against, in the previous year, \$42,975,279.51, showing an increase in expenditure on consolidated fund for the year of \$3,891,088.33.

There have been some increases in many of the departments. In legislation there was an increase of \$342,424 an item due to circumstances which are probably generally understood. In arts, agriculture and statistics, which includes the census, there was an increase of \$235,645. In militia there was an increase of \$215,495; in railways and canals, collection—that is the working expenses of the Intercolonial Railway—there was an increase of \$1,133,660 but, as I have shown before, that outlay comes back by way of increased receipts. In public works there was a large increase of \$1,096,743; in the government of the North-west Territories \$150,177 and in the post office department \$173,431, which, however, comes back to us, as I have already shown, very handsomely.

I have prepared a statement of comparison for the two years showing the expenditure on the consolidated fund account and several items which make up what are called capital and special charges. The word 'capital' is used in the books of the department in a technical sense. It refers to a certain class of works. There are certain others which are nominally not capital charges but which are really special charges, as railway subsidies, for example. They do not appear as capital charges, but special charges. But for the purpose of our discussion these may all be called capital charges inasmuch as they are not charges to income. This comparison shows that on consolidated fund as I have already stated, there was an increase of \$3,891,088.33. For railways, on capital account, there was an expenditure in 1901, of \$3,914,010.50, an increase of \$605,116.19; for canals, \$2,360,569.89; a decrease of \$278,995.04; public works, \$1,006,983.39; a decrease of \$82,843.90; Dominion lands, \$269,060.90, an increase of \$69,590.81; militia, \$135,884.79, a decrease of \$94,965.72; and Canadian Pacific Railway, a small item of \$8,978.87, an increase of \$8,742.76. The total expenditure for the year 1900-1 was \$7,695,488.34, showing an increase of \$226,645.10. Then there are the special expenditures that I have described, as follows: Railway subsidies, \$2,512,328.86 as against \$725,720.35 for 1899-1900, an increase in that item alone of \$1,786,608.51. For the South African war and Halifax garrison we spent \$908,681.42, which shows a decrease of \$638,942.32. If we take the total capital and special expenditures, which, practically we treat as capital in our discussions, we find that the

expenditure was in 1901, \$11,116,498.62 against \$9,742,187.33, an increase under these heads of \$1,374,311.29. If we take the aggregate expenditures, that is consoli-

dated fund, capital, special and all classes, the total expenditure for the year 1900-1 was \$57,982,866.46, an increase in the total expenditures of all classes of \$5,265,399.62.

EXPENDITURE.

	1899-1900.	1900-1.	Increase.	Decrease.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Consolidated Fund.....	42,975,279 51	46,866,367 84	3,891,088 33	
Capital—				
Railways.....	3,308,894 31	3,914,010 50	605,116 19	
Canals.....	2,639,564 93	2,360,569 89		278,995 04
Public Works.....	1,089,827 29	1,006,983 39		82,843 90
Dominion Lands.....	199,470 09	269,060 90	69,590 81	
Militia.....	230,850 51	135,884 79		94,965 72
Canadian Pacific Railway.....	236 11	8,978 87	8,742 76	
Total Capital.....	7,468,843 24	7,695,488 34	226,645 10	
Special—				
Railway Subsidies.....	725,720 35	2,512,328 86	1,786,608 51	
South Africa and Halifax Garrison.....	1,547,623 74	908,681 42		638,942 32
Total Special.....	2,273,344 09	3,421,010 28	1,147,666 19	
Total Capital and Special.....	9,742,187 33	11,116,498 62	1,374,311 29	
Total Expenditure of all kinds	52,717,466 84	57,982,866 46	5,265,399 62	

It will be noticed that the largest item of increase in this statement is on account of railway subsidies. As I have pointed out we spent last year \$2,512,328.86 on railway subsidies as against \$725,720.35 in the previous year. It may be interesting that I should place in the budget a statement of these various railways which received this large amount of money. It is as follows:

Atlantic and North-western Railway.	\$ 186,600 00
Massawippi Valley Railway.....	5,376 00
Great Northern Railway.....	345,323 11
South Shore Railway.....	88,400 00
Iverness and Richmond Railway.....	132,800 00
Canadian Northern Railway.....	537,600 00
Grand Trunk Railway.....	228,371 75
Central Ontario Railway.....	67,200 00
Midland Railway.....	170,264 00
Canadian Pacific Railway.....	92,800 00
Ottawa and New York Railway.....	90,000 00
Quebec Bridge.....	74,570 00
St. Mary's River Railway.....	75,000 00
Crows Nest Pass Railway.....	205,524 00
Pentiac and Pacific Junction Railway and Gatineau Valley Railway.....	212,500 00
	\$2,512,323 86

I come now to the question of the public debt. The net debt on the 30th of June, 1901, was \$268,480,003.69, while the corresponding debt of the preceding year was \$265,493,806.89, making an increase in the net debt of \$2,986,196.80. I have here a statement of the increase in the net debt for several years and I find in going over the items of the net debt, the increases for each year and the decrease which occurred in one year, we have this result, that in five years the net increase of the debt has been \$9,982,570.92, being an average of \$1,996,514.18 as against an average for the previous eighteen years of \$6,563,075. The increase in the net debt is accounted for in the following manner: Capital expenditure on railways and canals, public works, including Canadian Pacific Railway, \$7,290,542.65; Dominion lands, \$269,060.90; militia, \$135,884.79; railway subsidies, \$2,512,328.86; South African contingent and Halifax garrison, \$908,681.42, making a total of \$11,116,498.62. Deduct from this the surplus of \$5,648,333.29, sinking fund \$2,480,336.90 and a small refund in connection with the Northwest Territory Rebellion of \$1,631.63, or a deduction altogether of \$8,130,301.82, and there is an increase in the net debt of \$2,986,196.80.

THE PUBLIC DEBT.

Net debt 30th June, 1901....	\$268,480,003 69
" " 1900....	265,493,806 89
Increase in debt in 1900-1....	2,986,196 80

	Net Debt.	Increase in Debt.	Decrease in Debt.
	\$ cts.	\$ cts.	\$ cts.
1897.....	261,538,596 46	3,041,163 69	
1898.....	263,956,398 91	2,417,802 45	
1899.....	266,273,446 60	2,317,047 69	
1900.....	265,493,806 89		779,639 71
1901.....	268,480,003 69	2,986,196 80	
Total for five years	10,762,210 63		779,639 71
		779,639 71	
Net increase 5 years....	5,982,570 92		
Average increase 5 years	1,996,514 18		
Average of 18 years from 1878 to 1896....	6,563,075 00		

The increase in the net debt in 1900-1901 is accounted for as follows:-

	S cts.
Capital expenditure on Railways and Canals, Public Works, including C. P. Railway.....	7,290,542 65
" " Dom. lands	269,060 90
" " Militia....	135,884 79
Railway subsidies.....	2,512,328 86
South African Contingent and Hali- fax garrison.....	908,681 42
Less: Surplus.....	5,648,333 29
Sinking Fund... .	2,480,336 90
Refunds N.W.T. rebel- lion.....	1,631 63
Increase net debt.....	2,986,196 80

I have spoken in this statement of the surplus received during the past year amounting to \$5,648,333.29. I am sure it will be gratifying to know that we are able from year to year to present these statements of satisfactory surpluses. I am aware that there is some criticism on this subject from year to year as to whether or not we do present a surplus. There was a tendency to represent that there was some change in the methods of keeping the accounts, and that the surplus that we represented was somewhat different from the surpluses of former years. That contention has now been abandoned because we have shown from time to time that there has been no change in the method of keeping the accounts. The methods are the same, the officials who keep the accounts are the same,

and when we show a surplus in the public accounts we reach it in precisely the same manner as in former years.

Mr. SPROULE. What about the iron bounties which are now charged to capital?

The MINISTER OF FINANCE. That cannot affect the question of the debt in any way at all.

Mr. SPROULE. You are talking about a surplus?

The MINISTER OF FINANCE. The iron bounties have hitherto amounted each year to a comparatively small sum. I presented to the House last year, the reasons why we are now proposing to charge the iron bounties to capital. Let me tell my hon. friend (Mr. Sproule) that as respects the operations of the past year which I am speaking of, we had not begun to charge these bounties to capital, but the old method continued. I think, however, that this old method was a very mistaken one. I impute nothing but the best of motives to the gentlemen who preceded me in charge of the department. What they did was to treat these iron bounties as a drawback, and to be paid as such by the Customs Department. I do not see how you can pay a drawback when no money has been paid into the revenue, and I think the idea of treating this as a drawback and simply deducting it from the customs duty, and making the customs duty appear a good deal less than it really was, was a mistake. From the 1st of July last, we have changed that method. But up to that date and covering the period of which I am now speaking, as regards the surpluses, we continued the old method, and therefore the suggestion of my hon. friend is not important.

As I have said, some hon. gentlemen have made the criticism that these surpluses were brought about by some peculiar method of bookkeeping, but more recently I have noticed in some of the papers, a tendency to argue that even if the method was an old one, it was a bad one, and we had better get rid of it altogether. I entirely dissent from that. I think, in a country like Canada, we shall always, certainly for a long time, require for the construction of public works and things of that kind, special sums of money which cannot be obtained from the ordinary revenue, and there is every reason in the world why these should be charged to capital account. There is just the same reason that would obtain with a man in his private affairs. If a man were paying rent he would charge the rent against the income for the year, but if he bought a house he would not expect to charge it against income, but would open a special account and make some provision for paying for

the house. What is fair with the individual is fair with regard to the affairs of the nation. There is a proper distinction between the ordinary expenses of the government and special expenses for public works, or some special or exceptional charge which should be set apart and treated in a different way. I am therefore defending not only my own method, but I am defending the method of all the illustrious men who have preceded me in the Department of Finance when I claim that this is a proper distinction to make and a proper way to treat the accounts.

Having thus shown, as I hope I have, that that method is correct, and that we have had surpluses just precisely as our opponents in some cases had them, I now invite your attention to this record of surpluses.

For the first year of this government, we had a deficit of \$519,981.44; but the next year we entered upon the era of surpluses which is not yet ended. The following table will show the surpluses for each year from 1897 down to the present:

	Surplus.	Deficit.
	\$ cts.	\$ cts.
1896-7		519,981 44
1897	1,722,712 33	
1898-9	4,837,749 00	
1899-1900	8,054,714 51	
1900-1901	5,648,333 29	
Total for 5 years	20,263,509 13	519,981 44
Net surplus	19,743,527 69	
Average	3,948,705 53	

For the 18 years 1st July, 1878, to 30th June, 1896, the total surpluses were \$27,862,361.68 And total deficits

Leaving net surplus..... \$ 9,801,713 13
Or an average of 541,539 61

For the eighteen years from the 1st of July, 1878, to the 30th of June, 1896, the total surpluses were \$27,862,361.68, and the total deficits for these eighteen years amounted to \$18,060,648.55. Deducting the deficits from the surpluses we find that during these eighteen years the gentlemen then managing the public affairs had a net surplus of \$9,801,713.13, or an average surplus per year of \$554,539.61; while we have had an average yearly surplus during our term of office, amounting to \$3,948,705.53.

Hitherto I have spoken of the financial affairs of the past year. Coming now to the affairs of the current year; there is a considerable increase in the revenue and a corresponding increase in the expenditure.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. My hon. friends say 'Hear, hear.' Well, we are lucky people when we can make the two go hand in hand. We have received for the current year to the 10th of March, this present month as revenue \$38,047,685.82. Having regard to the receipts of the corresponding period a year ago; to the amount which was received from this date to the end of that fiscal year, and to the anticipation in which I indulge that there will be some increase; I am of opinion that we shall have at the close of this current year a revenue of \$56,800,000 (in round numbers) as against an actual revenue last year of \$52,514,701. There will thus be a probable increase in our revenue this year to the amount of \$4,285,298.

Now with regard to the expenditure. We have expended this year up to the 10th of March, \$30,133,502.76; and taking into account the amount which we expended last year from this date to the 30th of June, and making allowances for a probable increase during the present year—because there will be some increase—I am of opinion that at the close of the year we shall have an expenditure in all, probably of nearly \$51,000,000 in round numbers. I make it a shade below that, but for convenience we may call it \$51,000,000. That will be an increase in the expenditure, over the expenditure on consolidated account for the past year, of \$4,133,632. It will be observed that I estimate an increase of revenue of \$4,285,298, and an increase of expenditure of \$4,133,632. The two sums would nearly balance one another. If they exactly balanced one another they would leave us with the same surplus as last year, namely, \$5,648,333; but as the increase of revenue is a little more than the increase of expenditure, I think I am warranted in saying that the surplus for the current year will be a little larger than that of last year and will amount to \$5,800,000.

As to the capital expenditure of the present year, it is exceptionally large; the largest we have had for some years. I anticipate that at the close of the year, we shall have a charge for capital and special expenditure of \$14,250,000, as against \$11,116,000 last year.

Mr. BORDEN (Halifax). I got the estimated expenditure as \$51,000,000 in round numbers; is that right?

The MINISTER OF FINANCE. That is correct. We have this year very special charges to swell the capital account. Our railway subsidies will be considerable, as they were last year. The House is aware that railway operations have been going on throughout the Dominion pretty largely. We shall have to pay for bounties this year,

chargeable for the first time to capital account, about \$700,000. There are large sums chargeable to capital for the equipment of the Intercolonial Railway with rolling stock and with new rails. There are large sums for transportation in the Public Works Department. There is a very considerable sum amounting to \$950,000, representing the awards to two provinces on certain questions which were dealt with last session. For these and other expenditures we shall have, as I have already stated, a total of about \$14,000,000 on capital account; and the result will be that we shall be obliged to make this year a larger addition to our public debt than we have done in any previous year in the history of this government.

Mr. SPROULE. Notwithstanding the surpluses.

The MINISTER OF FINANCE. Notwithstanding the surpluses. On that point I am going to endeavour to satisfy my hon. friend that we have a most admirable record; and if, by and by, in the dim and distant future, he is to stand in my place, and shall be as lucky as I am, and I should be on the other side of the House, I will congratulate him from the bottom of my heart.

Hon. Mr. TISDALE. A gross expenditure of \$65,250,000?

The MINISTER OF FINANCE. About that. The amount which I anticipate we shall have to add to the debt of the Dominion for the current year will be close upon \$6,000,000. This will be, as I have stated, the largest addition to the public debt under the present administration, and will be almost in line with, though a shade above, the addition made to the public debt in the last year of the late government, when the addition was \$5,422,000. You see it has taken us five years to catch up to them in that one matter. But even with this large increase to the public debt for the current year, we shall still be able to present a very gratifying statement, as to the average annual increase to the public debt—and hon. gentlemen opposite are much fonder of averages than we are.

Mr. WILSON. Will you average the income?

The MINISTER OF FINANCE. Yes, we ought to be very glad to know that under a tariff which takes out of the pockets of the people \$4,000,000 a year less than the old tariff would, if it had remained in operation—under a tariff which has been reduced so much that hon. gentlemen opposite complain that our taxation is too low—we are still in the happy position of having a largely

increased income. Even with this considerable addition to the public debt of the current year, we shall have a very satisfactory statement of averages to present; for when we have added the \$6,000,000, if it shall prove to be that, to the public debt this year, we shall have made an average yearly increase of \$2,793,000, as against \$6,563,000 for all the years of our predecessors.

Now, in a country like Canada, I think that about all we could be expected to do would be to provide out of taxation for our ordinary expenditure; and if perchance we needed important works of a permanent character, or if there were some exceptional charge, such as bounties, railway subsidies, or the South African war, it would not be entirely wrong if we were to charge every penny of the cost to the public debt. A young country like Canada might be placed in that position without being regarded as going behind. But if she is able to do something better than that, if she is able to provide not only for her ordinary expenditure but also for a considerable part of her capital expenditure out of the revenue, then she makes a very fair showing. I have prepared a statement for the purpose of showing what these capital and special charges have been. I am taking periods of six years, from 1879 to 1884, from 1885 to 1890, from 1891 to 1896, and from 1897 to 1902. My object is to ascertain what were these capital or special charges in each of these terms, and what proportion of them was borne out of revenue, and what proportion passed into the public debt. I find that in the first period, from 1879 to 1884, these capital and special expenditures amounted to \$72,839,172, of which \$41,799,780 was added to the public debt; so that the government of that day were able to provide for these capital and special charges out of revenue to the extent of 42 per cent. In the next period, from 1885 to 1890, these capital and special charges amounted to \$63,520,739, and during that period there was added to the public debt \$55,371,361, showing that in that period only 13 per cent of these capital charges was paid out of revenue, and all the rest was added to the public debt. In the period from 1891 to 1896, \$31,306,340 was expended on these capital and special charges, of which \$20,964,221 was added to the public debt; in other words 33 per cent of these charges was paid out of revenue and the balance was added to the public debt. In the last six years, from 1897 to 1902, assuming that we spend the amount on capital which I estimate, and add to the public debt \$6,000,000, at the close of this year we shall have spent \$55,872,572 on these capital and special charges above ordinary expenditure, and we shall have added to the public debt only \$15,982,570; so that we shall have provided for these capital and special expenditures out of revenue to the extent of no less than 71 per cent.

Capital and special expenditure.	Increase of net debt.	Amount of capital and special expenditure provided out of revenue.	Percentage of capital and special expenditure provided out of revenue.
	\$	\$	per cent.
1879	6,324,556	2,628,117	
1880	9,191,121	9,461,405	
1881	8,294,088	2,944,191	
1882	7,607,521	-1,734,129	
1883	14,168,728	4,805,063	
1884	26,753,155	23,695,135	
	72,339,172	41,799,780	30,539,392
			42
1885	14,126,017	14,245,841	
1886	22,825,956	26,751,414	
1887	5,846,471	4,155,668	
1888	8,345,629	7,216,582	
1889	6,600,363	2,998,683	
1890	5,776,301	3,170	
	63,520,739	55,371,361	8,149,377
			13
1891	4,449,640	275,818	
1892	5,506,242	3,322,403	
1893	4,039,675	549,605	
1894	5,423,208	4,501,987	
1895	4,740,332	6,891,897	
1896	7,147,241	5,422,505	
	31,306,340	20,964,221	10,342,119
			33
1897	4,622,996	3,041,163	
1898	6,501,755	2,417,802	
1899	9,639,134	2,317,047	
1900	9,742,187	-779,639	
1901	11,116,498	2,986,196	
1902	*14,250,000	*6,000,000	
	55,872,572	15,982,570	39,890,002
			71

* Estimated.

With respect to the year which will begin on the first of July next, it is much too early to attempt anything like close calculations. I see no reason why we should not look forward to a very hopeful year. If I may use the words of Mr. Clouston, the president of the Canadian Bankers' Association, all the outward and visible signs still indicate that we are in prosperous times. Still, much will depend on the harvest for the coming year, and it is too far away for us to make any guess about that. If we should be so fortunate as to have in the North-west another harvest such as that of last season, and if the general conditions of Canada continue as they have been, we shall indeed have the greatest year in Canada's history. I think we may look forward hopefully, at the same time not counting too much on those things which are still in the future; and if a change should come, owing to a bad harvest or anything of that sort, it will be our duty to observe the signs of the times, and limit our expenditure accordingly.

The buoyancy of our revenues has enabled us to carry on our large operations for some years without the issue of loans in the public money market. In the year 1897 I

obtained from parliament authority for the issue of a loan of \$15,000,000. There was at the time a considerable outstanding borrowing power. Thus at the close of that session I had authority to raise loans to quite a large amount. So hopeful, however, did I feel as to the financial prospects of the Dominion that I concluded to use the borrowing power in a very moderate way. The loan which I placed on the London market in the autumn of 1897 was for £2,000,000, or a little under \$10,000,000. No public loan has since been issued. Our surplus revenues helped us to bear a large part of our capital and special expenditure, and when these proved insufficient occasional temporary loans were obtained from the banks. We have now a considerable temporary loan of this character, and having regard to the need of providing for it and for old loans which will shortly mature in London, it is evident that we shall at no distant date have occasion to offer an issue of our securities to the public. Whether we shall do this during the present calendar year, or postpone it until next year, when a considerable sum of the existing loans matures, is a point which will have to be considered a little later, in accordance with the condition and prospects of the money market. We shall have to ask parliament for authority for these loans, to be used when required.

The existing temporary loan which I have referred to, amounts to £1,250,000, or a little over \$6,000,000. This loan, which will mature on the 1st of July next, bears interest at a shade above 3½ per cent, which, having regard to the conditions of the money market for some months past, is a reasonable rate.

If we find it necessary to go on the London money market this year, I have no doubt that we shall be able to go under very favourable conditions, though not exactly as favourable as those of five years ago. At that time we were lucky in striking the happy moment when we were able to negotiate a 2½ per cent loan. I am afraid that the present conditions of the money market are not as favourable as they were then. If we may judge by making a comparison of the rates of Canadian securities with those of English consols, we find that at the time our loan was placed on the market in 1897 there was a very broad difference between the two; but owing to the high position Canada has attained in the eyes of the world, and especially to the change brought about by the admission of Canadian securities to the English trustee list, Canadian securities have come much nearer to English consols, although the quotations for our securities are lower than they were a few years ago. So that if this is a fair test of credit, the credit of Canada has improved to a very appreciable degree; and I have no doubt that when the moment comes, we shall be able to obtain our loan on favourable and reasonable terms. I have

stated the amount of the temporary loan. Perhaps it would be convenient if I were to state also the amount of the loans which are likely to mature in a short time. For

the sake of convenience I have made a statement—which, of course, can be obtained from the Public Accounts in more detail—of the loans maturing within the next three years:

LOANS IN LONDON FALLING DUE BETWEEN 1902 AND 1906.

Date of Maturity.	Name of Loan.	Amount in £	Equivalent in Currency.	Year.
		£	\$	
Oct. 1, 1903....	I.C.R. Guaranteed 4 per cent Loan.....	1,500,000	7,300,000	1903
" 1, 1903....	I.C.R. Unguaranteed 5 per cent Loan.....	500,000	2,433,333	1903
Apl. 1, 1904....	Rupert's Land Guaranteed 4 per cent	300,000	1,460,000	1904
May 1, 1904....	Loan of 1874, 4 per cent	4,000,000	19,466,666	1904
" 1, 1905....	Loan of 1875, 4 per cent	1,000,000	4,866,666	1905
Nov. 1, 1906....	Loan of 1876, 4 per cent.....	2,500,000	12,166,666	1906

There will then be no maturing loan until April, 1908.

RECAPITULATION.

	£	\$
1903.....	2,000,000	9,733,333
1904.....	4,300,000	20,926,666
1905.....	1,000,000	4,866,666
1906.....	2,500,000	12,166,666
Total	9,800,000	47,693,333

There is also a loan of \$2,852,000, falling due in Canada, 1st November, 1903, now bearing 4 per cent.

In the Budget last year I presented in some detail—possibly with tedious detail—some statistics showing the wonderful growth of the trade of Canada. I do not intend to go into that so fully to-day, but simply to remind the House that gratifying as was the report for 1900 we are able to show in the year following an advance beyond the figures of that date, which is an evidence that Canada is indeed prosperous. I propose to give a very few figures, making a comparison between the business of 1901 and that of 1900 :

COMPARATIVE STATISTICS, 1900 AND 1901.

Imports for Consumption—Dutiable.

1900	\$104,346,795
1901	105,969,756
Increase.....	\$ 1,622,961

Imports for Consumption—Free.

1900	\$68,160,083
1901	71,730,938
Increase	\$ 3,570,855

Total Imports for Consumption, including coin and bullion.

1900..	\$180,804,316
1901..	181,237,988

 Increase \$ 433,672

Total Imports.

1900....	\$189,622,513
1901....	190,415,525

 Increase.. \$ 793,012

Total Exports.

1900...	\$191,894,723
1901...	196,437,632

 Increase \$ 4,592,909

Total Exports—Produce of Canada.

1900...	\$170,642,369
1901...	177,431,386

 Increase \$ 6,789,017

Total Trade.

1900...	\$381,517,236
1901...	386,903,157

 Increase \$ 5,385,921

Deposits by the people in the Chartered Banks.	Note Circulation (including Dominion notes and notes of Chartered Banks).
1900	\$277,256,716
1901.....	315,775,429 ..
Increase	\$ 38,518,713
Deposits in the Savings Banks (including Post Office and Government Savings Bank; the City and District Savings Bank and the Caisse d'Economie de Notre Dame de Québec).	Railway Traffic—Tons carried.
1900.....	\$71,672,310
1901.....	76,790,931 ..
Increase	\$ 5,118,621
Discounts—Chartered Banks.	1900.....
1900.....	35,946,183
1901.....	36,999,371 ..
Increase	1,053,188
Imports—Home Consumption.	These figures briefly recount the great advance indeed in 1901 over the year 1900. I have at hand a statement of the trade of the past eight months of the current year, and it is pleasing to see that that also continues favourable :

EIGHT MONTHS TRADE, PRESENT YEAR

IMPORTS—HOME CONSUMPTION.

EIGHT MONTHS ENDING FEBRUARY.

	1901.	1902.
	\$	\$
Dutiable Goods.....	68,365,018	74,368,939
Free Goods	46,121,536	49,452,300
Total	114,486,554	123,821,239
Coin and Bullion	3,267,574	4,563,824
Grand Total	117,754,128	128,385,063
Duty collected.....	18,864,162	20,492,093

EXPORTS.

EIGHT MONTHS ENDING FEBRUARY.

	1901.	1902.		
	Domestic.	Foreign.	Domestic.	Foreign.
	\$	\$	\$	\$
The Mine.....	27,009,630	114,352	24,617,043	116,122
" Fisheries.....	7,968,143	8,781	10,798,438	36,446
" Forest	21,052,427	256,370	22,240,309	8,453
Animals and their Produce.....	42,753,901	649,143	44,203,926	525,216
Agriculture	17,463,156	10,462,722	21,890,748	8,409,101
Manufactures	10,199,086	1,107,264	11,424,953	1,565,664
Miscellaneous	42,923	217,466	24,804	162,375
Total Merchandise.....	126,489,266	12,816,098	135,200,221	10,823,377
Coin and Bullion.....	187,173	1,110,707	.....	1,539,195
Grand Total Exports.....	126,676,439	13,926,805	135,200,221	12,362,572

Thus the statement for the eight months goes to show that the indications for business during the current year are so far exceedingly good, and I see no reason why we should not look forward to a continuance of good business.

A feature which deserves a passing remark is the gratifying increase reported by the Department of the Interior with regard to the immigration. Not only from the old country is there a moderate increase, but a new feature has been introduced of late in the very large increase of immigration from the United States. Some portion of this, no doubt, is made up of Canadians coming back, while the others are people who have been settled in the United States for years and who are now coming across the line. I need hardly say that they are the most desirable class of immigrants, and we ought to feel pleased that so many are casting in their lot with us. From the returns of immigration, from the returns of homestead entries, from the returns of sales of land by the railway companies, from the recent announcement that the price is advancing of private lands throughout the North-west, we are led to the conclusion that, at last, the great work of filling up the North-west has begun in earnest. There is reason to believe that we may look forward to a splendid development of that great territory during the next few years.

There has been much discussion of late about the operation of our tariff as respects imports from Great Britain and the United States. Leaving out of consideration the question of free goods, it has been represented that on the dutiable goods imported the average rate of duty has actually been higher on British goods than on American. This statement of the average duties, even if correct, may be so presented as to be somewhat misleading. If you buy from England a quantity of fine goods on which the duties are considerable, and from the United States a quantity of goods of another class on which the duties are low, you may strike an average which will seem to show that the duties on British goods are higher. But if the comparison be made of the duties in any one class of goods, the result will be quite different. No figures of this kind respecting averages can shut out from view the simple fact that there are no duties on British goods higher than on American, and that with the exception of a few articles which are excluded from the preference the duties on all British imports are just one-third less than on similar goods from the United States. As a matter of fact, however, the statements respecting the levying of higher average duties on British than on American dutiable imports appear to be inaccurate. By referring to the Trade and Commerce Report (part 1, page 15) it will be found that the average rate of duty on British dutiable goods last year was 24·74, while the average rate on American dutiable goods was 24·83. The frac-

tional difference, therefore, was in favour of Great Britain. Practically, however, on the business of last year the two average rates were the same. How does this compare with previous conditions? One would assume from some of the criticisms that have been offered that the previous tariff bore more lightly on British as compared with American goods. But what are the facts? In the year 1896, under the tariff of the late government, the average duty on dutiable imports from the United States was 26·69. In the same year the average duty on British dutiable imports was 30·20, showing a difference against Great Britain of nearly 4 per cent. Thus, even taking the averages, it will be seen that under the operation of our tariff a discrimination of about 4 per cent against Great Britain has been wiped out, until now there is a small difference in favour of Great Britain. But a closer examination shows still more clearly how the present tariff has operated favourably to British trade. The British preference does not apply to all goods. By general consent it has been deemed well to exclude certain articles such as wines, spirits and tobacco from the benefit of the preference. Leaving out these non-preference articles and comparing imports of British dutiable goods with imports of American dutiable goods—that is to say, taking into consideration all the articles to which the British preference applies—I find that while the average duty on American goods is over 24½ per cent, the average duty on British goods is only a shade above 21 per cent.

If any importance is to be attached to this question of the relative duty on British and American dutiable goods, it is well that we should have the facts and figures clearly stated.

As bearing upon this question, I desire to draw attention to the figures with regard to our increased trade with Great Britain. It is not quite clear to me, by the way, whether some of my hon. friends opposite regard an increase of trade with Great Britain as desirable or not. Therefore, the application of these figures is somewhat difficult. Some hon. gentlemen profess to view an increase of trade with Great Britain favourably, while others think we ought not to buy so much from Great Britain. However that may be, it is undoubtedly the case that we expected that our trade with Great Britain would be increased under the preferential tariff. I have here the figures showing the imports:

Trade with Great Britain. Imports for consumption—merchandise only, dutiable and free.

1895.....	.....	.....	\$31,059,332
1896 .....	.....	.....	32,824,505
1897.....	.....	.....	29,401,188
1898.....	.....	.....	32,043,461
1899.....	.....	.....	36,931,323
1900.....	.....	.....	44,279,983
1901.....	.....	.....	42,819,995

Now, it will be observed that, under the old tariff, from 1895 to 1897, the imports from Great Britain decreased. Under the new tariff, they began to increase and ran up to over \$44,000,000. And, although last year, they dropped a little, they are far and away above any figures that could be quoted of any time under the old tariff. But, my hon. friends opposite may not attach much importance to the imports. Then, perhaps, they will consider the exports. I will give first the exports of goods produced in Canada :

Exports of Home Produce to Great Britain.

1895.....	\$57,903,564
1896.....	62,717,941
1897.....	69,533,852
1898.....	93,065,019
1899.....	85,113,681
1900.....	96,562,875
1901.....	92,857,525

But, if we consider both home and foreign products, the figures of our exports are as follows :

Exports to Great Britain, Home and Foreign Products.

1895.....	\$ 61,856,990
1896.....	66,689,253
1897.....	77,227,502
1898	104,998,818.
1899.....	99,086,981
1900.....	107,735,968
1901.....	105,323,956

So, thus far, our trade with Great Britain has enormously increased since the adoption of the preferential tariff.

Mr. SPROULE. Can the hon. gentleman (Hon. Mr. Fielding) give us the figures with regard to the United States ?

The MINISTER OF FINANCE. I believe my hon. friend (Mr. Sproule) asked that exact question at this exact moment last year. I should have remembered that and brought the figures.

Mr. SPROULE. Let me say that I never asked the question in this House before. It may be that the late Mr. Wallace, then representing West York asked it.

The MINISTER OF FINANCE. And my hon. friend (Mr. Sproule) is that gentleman's worthy successor in several respects. I have not the figures here. But we know that the imports from the United States increased. We know that the trade with the whole world has increased.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. We cannot help it, Sir, trade in all directions is increasing under the rule of this beneficent government.

Mr. MACLEAN. We got that information from the hon. member for North Norfolk (Mr. Charlton).

The MINISTER OF FINANCE. Then, why does my hon. friend want it again ? What are we wasting time for ?

Mr. MACLEAN. We hope that the Minister of Finance has profited by it.

The MINISTER OF FINANCE. The hon. member for North Norfolk brought forward the fact prominently. I regret that it has not made a deeper impression on hon. gentlemen opposite. This question of how far the imports from Great Britain have been affected by our preferential tariff has been more or less, a matter of debate. I remember that, in the last session of the British parliament, that distinguished statesman the Chancellor of the Exchequer, Sir Michael Hicks-Beach, in the debate on the sugar duties, during which reference was made to the Canadian preference, said, in terms very gratifying to all Canadians, that, while they appreciated very much the step that Canada had taken, the value was to be looked for, more in the good feeling that had been manifested than in the material results to trade.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. My hon. friends opposite say : Hear, hear. I suppose they think likewise, and if they think likewise, what becomes of the statements that have been made for some time now that the increased imports under the preferential tariff are destroying some of the factories of Canada ? I am afraid my hon. friends are trying to blow hot and cold on that matter. I cannot find out whether they want that trade to increase or not. At one moment they complain the trade is not increasing under our preference, you will find a column of statistics in the Conservative papers designed to prove that there has been no increase at all, and the next thing we are told is that the preference is ruining the factories of Canada. However, coming back to my friend, Sir Michael Hicks-Beach, I felt at the time that the statement, while made in good faith and made in terms which will be pleasing to all Canadians, was based upon a misconception of the situation. In the first place, the actual increase of trade as shown by the figures I have given, is very considerable. Then there is another point to which I fear Sir Michael's attention had not been drawn. In view of the severe competition which is now going on between the United States and other manufacturing nations, if, with the preference of one-third in favour of Great Britain, we have only been able to increase British imports to a small amount, what would have happened to the trade if there had been no preference at all ? Sir, I have no doubt in the world that but for the British preference, that advance in the imports from Great Britain would not have existed at all, there would not have been any increase in the imports from Great Britain. There is not much doubt but that, without the change this government made in the tariff, the imports from Great Britain would have continued to drop as they did from the year 1895 down to 1897.

There was one incident during the past year which calls for mention in the Budget speech. In the Tariff Act of 1897 there was the following clause :

Section 18. Whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any trust, combination, association or agreement of any kind among manufacturers of such article or dealers therein, to unduly enhance the price of such article, or in any way to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any judge of the Supreme Court or Exchequer Court of Canada, or of any superior court in any province of Canada, to inquire in a summary way into and report to the Governor in Council whether such trust, combination, association or agreement exists.

2. The judge may compel the attendance of witnesses and examine them under oath, and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purpose of any such inquiry.

3. If the judge reports that such trust, combination, association or agreement exists, and if it appears to the Governor in Council that such disadvantage to the consumers is facilitated by the duties of customs imposed on a like article, when imported, then the Governor in Council should place such article on the free list, or so reduce the duty on it as to give to the public the benefit of reasonable competition in such article.

When the section was first submitted to the House, it provided that the Governor in Council should be the body to determine when the combine existed. On further consideration, however, it was deemed unwise for the government to take to itself so large a power. It was thought that in a matter of so much importance it would be better, even at the cost of some delay, to make use of the judicial machinery for the purpose of inquiry and to limit the authority of the government to action after the report of a judge. In several instances complaints were made to the government under this clause, but upon examination they did not appear to come within the provisions of the section. A few months ago, however, complaint was made by the Canadian Press Association in terms which were found to come within the intention of the section. It was alleged that the manufacturers of news printing paper had formed a combine for the purpose of unfairly enhancing the price of the article. The matter was referred under the provisions of the section to Mr. Justice Taschereau, who held a protracted inquiry, heard all parties concerned, and finally reported that the complaint of the Press Association was well founded. Thereupon, the government, exercising the power given it by the section, determined by Order in Council to reduce the duty on printing paper such as is commonly used for newspaper purposes, from 25 per cent to 15 per cent. To distinguish between news print and other papers, it was decided that the reduction

should apply to all printing paper of the value of 2½ cents per pound or less. That, of course, means not the value in Canada, but the value for customs purposes—the value at the place of production abroad. It has been represented to us that while the purpose of the government will be effected as respects the daily journals, the proprietors of which buy in large quantities, it may not cover the case of the weekly papers, which do not buy in such large quantities. The Press Association is to furnish us with further information on that point, and if it be found that the words used in our Order in Council do not properly effect the object in view, an amendment will have to be made. I have no doubt that the results of this inquiry will be of material advantage to the publishers of the Dominion in the making of their arrangements with the Canadian paper manufacturers. Beyond this immediate result, however, the proceedings are interesting and important, and they will serve to remind other manufacturers that if they make an unfair use of any advantage which is given to them by the tariff, a remedy is open to those who will take proceedings under this section of the Tariff Act.

We have again been approached by a large and influential delegation representing the Ontario Beet Root Sugar Association to ask that a bounty be granted on the production of beet root sugar and a similar application came from Prince Edward Island. A new suggestion is offered by some of the parties connected with the movement, that the industry be encouraged by a considerable increase in the customs duty on sugar. I regret that we are obliged to take an unfavourable view of both these proposals. Sugar is an article of prime necessity, universally used in Canada, and already we have a considerable customs duty. Such an increase of the taxation on sugar as was asked would hardly prove acceptable to the sugar consumers of the Dominion, and should not be adopted without urgent reasons. Nor are we satisfied that even the best interests of the beet sugar industry would be promoted by the granting of the aid that is asked. We have to remember that some years ago Canada undertook to encourage the beet sugar industry by the granting of bounties, and that the results were not satisfactory. The capitalists who invested their money lost it, and everybody concerned in the movement suffered a severe disappointment. Naturally, in the presence of that fact, we should be more than usually careful in entering again upon a policy of granting bounties for this industry.

It is represented that the advantages of the province of Ontario, and I suppose the same will be claimed for other provinces which are raising the question, are much greater than were possessed by the eastern townships for raising beet sugar, and it is also claimed that such an

advance has since been made in the manufacture of machinery and in the methods of manufacturing beet root sugar as to ensure the success of the enterprise now. I think there is something in that and that the conditions which exist to-day are such as to give that industry a fair trial if it is naturally adapted to the soil of Canada. Our customs duty, which runs as high as \$1.26 per 100 lbs. or a cent and a quarter a lb. on the highest grade of sugar, while it is designed for revenue purposes will provide an incidental protection for beet root sugar produced in the country. The competition from foreign beet sugar is likely to be less keen hereafter as it seems to be settled that the continental bounties on this article, which have so long had a disturbing influence on the world's sugar trade, are about to be abolished. In addition the Ontario government have granted a bounty of half a cent a lb. for two years and of one-quarter of a cent a lb. for the third year, but limited to \$75,000 per annum, and I understand that at least three factories are at the present moment in the course of construction in that province. They are certain to go on—one of them is already started—and I am inclined to think that a fourth is in a fair way to being erected. In addition to that the establishment of the industry is no longer problematical but it is a certainty in the North-west Territories. Gentlemen have come in from the south and are erecting a refinery in Lethbridge. With the aid which has been given in the way I have described, with the incidental advantage derived from the customs duty on sugar, with the abolition of the bounties on continental sugar, with the advantage of the Ontario bounty as respects factories in that province, and with the further advantage we have given the beet root sugar industry of the free admission of machinery and structural iron for the purposes of beet root sugar factories, I am inclined to think that there are sufficient inducements to enable the promoters to give the industry a fair trial if it is adapted to the soil of the country. I think it would be a mistake if we were to give further aid which might result in encouraging the erection of a large number of factories which might come to grief. I think it is better to encourage the industry in this moderate way, to have three or four factories in the province of Ontario and one in the North-west Territories established so as to give the industry a fair trial than that we should encourage the starting of factories all over the country which might end in disaster.

Mr. SPROULE. The right to import machinery free of duty will soon end.

The MINISTER OF FINANCE. It will end on the first day of April, but we propose to extend that for another year. Perhaps I ought to say that there has been some objection on the part of Canadian

manufacturers to the granting of this privilege of free admission. They say that this machinery is now largely made in Canada and they do not see why we should go abroad for it. I think, however, that the reason on which our previous action was based a year ago still holds good. The argument then used was that where the promoters of an enterprise of that character wish to make a contract for machinery it is an advantage to them to be able to make a contract with one manufacturer, so that he can take the contract for the whole of the machinery, make it where he pleases, be held responsible and guarantee that the machinery will be sufficient for the successful operation of the factory. We have concluded not to propose any changes in the sugar duties, or any bounty on beet root sugar, but to extend for another year the term in which certain machinery and materials for the erection of beet root factories may be admitted free. This privilege will therefore be extended to the first day of April, 1903.

We do not propose to make any changes in the tariff this session. I do not for a moment claim that the tariff is perfect. I think, that, on the whole, it has proved a very good tariff. Indeed, when we recall the circumstances under which our tariff revision took place, when we remember the very complicated and difficult problem with which we had to deal, we may well congratulate ourselves upon our success in devising a tariff so well adapted to the requirements of the country, a tariff under which Canada has prospered in a greater degree than in any previous period in her history. I have occasionally pointed out the desirability of a reasonable measure of tariff stability. Nothing would be more likely to unsettle business than a practice of introducing frequent tariff changes. Hence, we have resisted applications for many small changes and we think it well to do so to-day. But I would not have it understood that this view can always be held. As time passes, conditions change in our own country and it will be well for us to take note of this, so that we may adjust the tariff accordingly. Nor is that the only reason that might require some change. Conditions arise in other countries of which we are obliged to take account. We do not propose that we shall stand still and that this tariff shall remain unchanged, but we think the time is not opportune for making changes at present.

There are several reasons which operate in our minds against entering upon a policy of tariff changes to-day. We have just completed the taking of a census, and while some of the results are available others of much importance have yet to be prepared. Among these are the returns of the operations of our industries. In considering the tariff in relation to the industries of the country, it is desirable that we should have

before us, with ample time for consideration, the industrial statistics of the recent census.

Mr. SPROULE. What about the market gardeners of West York who have been living on promises?

THE MINISTER OF FINANCE. If there are any people who have been living on promises that is what they were accustomed to do for eighteen years and they will find it very easy. A further reason against present change is that we are having certain negotiations with other countries in regard to trade of a more or less formal character. We are not without hope that we will be able to broaden the scope of our treaty with France, though of that I am not in a position to make any definite statement. Much has been said in regard to our relations with Germany. My impression is that there has been a misconception on the part of the German authorities as to the position of Canada. Our position on this question is strong in respect to Germany, but that is no reason why we should ignore the German side of the matter. I admit that there is a colour of excuse for the position which Germany has taken. As I have pointed out on a previous occasion, Germany has two tariffs, one for the world generally, the other, known as the conventional tariff, for those countries which have commercial treaties with Germany. I suppose many hon. gentlemen will say that this is sound policy. Germany had a treaty with Canada, or Canada participated in an imperial treaty with Germany, and under that treaty Canada had the advantage from what is called the conventional tariff as respects Canadian products. Canada put an end to that treaty for her own purposes, for good and sufficient reasons. Not one party in Canada, but all of Canada, reached the conclusion that this treaty was not in the best interests of Canada, or of the empire, and it should come to an end. Our sister colonies took the same view on the subject. But it was admittedly the action of Canada above all others which brought about the denunciation of the German and Belgian treaties. When we ceased to have that treaty with Germany, when we ceased to extend to Germany certain privileges which she had enjoyed, Germany withdrew from us the privileges of its conventional tariff. Canada thus came into the class of non-treaty countries, the products of which were subject to the higher tariff. Let us not deny that from one point of view there was some colour of excuse for the German action.

But a more careful examination of the question must lead to the conclusion that the action of Germany, while it might have had an appearance of fairness, was based upon a misconception of the spirit and purpose of Canada's policy. It is true that we have withdrawn from Germany tariff privileges which she formerly enjoyed. But

it is necessary to point out that the privileges which Germany lost were not privileges which rightfully belonged to any foreign nation, but privileges which properly belonged to the family circle of the British Empire. Germany might reasonably ask that her products have as fair treatment in our markets as the products of any other foreign country. But she ought not to demand that her products should have the same treatment as the products of our mother country and our sister colonies. Public men in Germany appear to have received the impression that the action of Canada was in some way a discrimination against Germany. Such is not the case. Canada has been quite willing to give to the products of Germany the same treatment as is given to the products of any other foreign nation. That, it seems to us, is all that Germany can reasonably ask. We are inclined to think that the action of Germany has been the result of a misunderstanding of the Canadian policy, and we have therefore been disposed to exercise a large degree of patience in having the matter very clearly put before the German government. We are hopeful that our representation of these facts will in the end bring about a better understanding of the matter. Our trade with Germany is not at present very important to us; although what is called the balance of trade is against us, the value of our exports to that country has been increasing rather than diminishing. Nevertheless, at a time when we are stretching out in all directions for extension of our trade, it is not well to despise the opportunities which might come to us under fairer arrangements with Germany. Besides, the principle involved in Germany's action is important, and on that account, as well as for the possibilities of a larger trade, we should make every effort to have the matter settled in a satisfactory way. There are those who have advocated retaliatory legislation as the only means of settlement. We are hopeful that better results may be obtained by a patient presentation of the facts. Another and stronger reason against immediate changes in our tariff is the present position of our trade relations with the mother country and with our sister colonies. We are about to participate in two important conferences to take place in London. One of these has been called at the suggestion of our government for the special purpose of considering the possibilities of enlarging the trade between Canada, Australia and New Zealand. The other conference is of a broader character and has been called by the Imperial government. The ceremonies attending the coronation of the King will take to London representative public men from all parts of the empire, and the Imperial government desires to avail itself of the opportunity to discuss various matters, including questions of trade and commerce affecting the interests of the empire. Canada will

be expected to take an active part in the consideration of these questions, and at the close of these conferences we shall be in possession of a knowledge of the disposition of other portions of the empire which will undoubtedly be valuable to us in the consideration of any proposed tariff changes. I do not underestimate the difficulties in the way of bringing about such trade relations within the empire as are desirable from the Canadian point of view. However, it is our duty to avail ourselves of the opportunity to discuss these matters with the public men of the other parts of the empire and to use every effort to bring about such improved arrangements as would be beneficial to Canada and to the empire.

For these reasons we postpone for the present the question of tariff revision. When the moment for revision arrives, the public of Canada may rest assured that the government will undertake the work in the spirit of moderation and caution that has prevailed in their past actions in tariff affairs, avoiding the extremes which almost always find advocates, and having regard to what is best, not for particular industries or particular sections of the country, but for the interests of the people of the whole Dominion.

The Budget, Mr. Speaker, has friendly relations with the Saints.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. It was on the morning of St. George's day, five years ago that I had the honour to place on the Table of this House the tariff resolutions containing that principle of British preference which has given so much satisfaction to all who honour St. George and Merrie England. This year our Budget is submitted on Ireland's day of rejoicing. This is St. Patrick's day, and from the topmost roof of our parliament House the British flag flies in honour of this occasion.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. There is something suggestive in the coincidence. It seems to remind us that, gratifying as is the story we are able to tell of the material progress of the Dominion, there is something that is more pleasing still. It is the very harmonious and happy relations which prevail between our people of all sections, classes and creeds. Here in this broad Dominion we have a population drawn from many races and nationalities—English, French, Scotch, Irish, Welsh, German—all cherishing the memories and traditions of their mother lands, and specially honouring them at appropriate times, as the memories of Ireland are honoured to-day, yet all cordially uniting their efforts for the development of this country and for the maintenance of institutions under which all enjoy the priceless blessings of civil and religious liberty.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

THURSDAY APRIL 16

1903



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

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MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, THURSDAY, APRIL 16, 1903

WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Hon. W. S. Fielding) moved :

That the House resolve itself into committee to consider of the Ways and Means for raising the Supply to be granted to His Majesty.

He said : Mr. Speaker, in presenting my seventh budget it is once more my good fortune to be able to submit to the House a statement of the affairs of the Dominion for a period of unexampled prosperity. Two years ago, after several years of rapid progress, there was anxiety in the minds of many observing men. Some, indeed, thought we had already entered upon a period of depression. Others, and among them I count myself, felt that while we were not likely to have any period of severe depression, we might reasonably experience a check upon the very great prosperity of recent years. However, as it turned out, all these fears were unnecessary. The prosperity of that time has continued. Each succeeding year has shown an increasing record, and we find ourselves to-day with an outlook that is in every respect encouraging and satisfactory. I take up the affairs of the fiscal year ending the 30th of June

last, the accounts of which have been before the House for some time. I am sure that hon. gentlemen will agree with me when I say that the exhibit made for that year in the public accounts is a very gratifying one.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. In some respects the results surpassed the conservative estimate which I ventured to submit to the House in the last budget speech. My estimate of the revenue was \$56,800,000 and my estimate of the expenditure chargeable to income was \$51,000,000, leaving a probable surplus of \$5,800,000. So far as the expenditure was concerned the estimate proved to be a very close one, the actual expenditure being \$50,759,391, but on the revenue side the last months of the year proved to be so very prosperous that our revenue exceeded the expectation by a very considerable sum. The revenue reached the sum of \$58,050,790, being greater than my estimate by \$1,250,790, and greater than the revenue of the previous year by \$5,536,088. It too often happens that increase of revenue is accompanied by a corresponding increase in expenditure, but in this case it was not so.

The expenditure, as I have shown, was very close to the estimate which I formed; it proved to be somewhat less. But while my estimate of the expenditure was a close one, the revenue as I have already pointed out exceeded my estimate by a considerable sum; the result being that instead of a surplus of \$5,800,000 which I estimated, we closed the year with an actual surplus of

\$7,291,398. If I except the surplus of our own showing of two years earlier, this is the largest surplus that has ever been recorded in the public accounts of Canada. The increases of revenue will be found in nearly all departments. I have here a statement giving a comparison of the receipts in the various branches for the years 1901 and 1902. That statement is as follows:

DETAILS OF REVENUE—COMPARISON WITH 1900-1.

Service.	1901-2.	1900-1.	Increase.	Decrease.
	\$	\$	\$	\$
Customs.....	32,191,978	28,425,284	3,766,694	
Excise.....	11,197,133	10,318,266	878,867	
Post Office.....	3,918,415	3,441,504	476,910	
Railways.....	5,918,997	5,213,381	705,616	
Dominion Lands.....	1,227,976	1,517,319		289,342
Miscellaneous.....	3,596,288	3,598,945		2,656
Net increase.....	58,050,790	52,514,701	5,828,088 5,536,088	291,999

The chief increases of revenue over the previous year arose in customs, but there were also large increases in excise, post office, and railways. In this statement which I have read, the item of Dominion lands includes royalties from the Yukon gold fields, and the falling-off is due to the reduction that took place in the rate of royalty. The increase in customs can be ascribed to the

general activity of trade in all departments. Increase of revenue is shown under nearly all heads of the customs business, and only in the case of a few articles was there a falling-off. In excise, too, the increase was general, as appears by the following statement, which gives the quantity of goods and the duties accruing thereon.

EXCISE.

Article.	QUANTITY.		DUTY.		Increase.
	1900-1.	1901-2.	1900-1.	1901-2.	
Spirits..... Galls.	2,863,950	3,123,430	\$	\$	\$
Malt..... Lbs.	64,723,616	71,440,519	5,178,275	5,618,113	430,838
Cigars..... No.	141,096,889	151,780,516	970,855	1,071,608	100,753
Cigarettes..... "	121,383,584	134,236,634	822,738	881,597	58,859
Tobacco and snuff..... Lbs.	11,330,345	11,569,632	362,626	400,035	37,409
Raw leaf, foreign..... "	9,848,803	10,704,961	2,308,460	2,433,355	124,895
			1,026,265	1,137,279	111,014

The increasing revenues and improved condition generally of the finances of the post office is worthy of special note. The following statement covering the expendi-

ture usually given under the head of post office, and including all except civil government, is interesting :

POST OFFICE.

Year.	Revenue.	Expenditure.	Deficit.
	\$	\$	\$
1896.....	2,964,014	3,665,011	700,997
1897.....	3,202,938	3,789,478	586,539
1898.....	3,527,809	3,575,411	47,602
1899.....	3,193,777	3,603,799	410,021
1900.....	3,205,535	3,758,014	552,479
1901.....	3,411,504	3,931,446	489,941
1902.....	3,918,415	4,023,636	105,221

The actual amount of surplus or deficit in the post office has been the subject of much discussion. There is, however, no room for any misunderstanding on the subject. The Postmaster General has made a statement, in which, for the purpose of comparison with the figures of former years, the service in the Yukon and Atlin districts is omitted, and leaving this out there was a small surplus on last year's operations. Considering that in previous years of comparison there was no charge at all for a service in the Yukon and Atlin, it is perfectly fair to make a comparative statement in this way. But if we put this aside and compare the expenditure of the Post Office Department of to-day with that of former years, we have before us the gratifying fact that while there was in 1896 a deficit of over \$700,000, in the last fiscal year, 1901-1902, this deficit was reduced to \$105,000.

THE POSTMASTER GENERAL. The deficit in 1896 was \$781,000.

THE MINISTER OF FINANCE. The figures I have here are \$700,997, but I will look that up. However, the result is the same. In 1896, the last year under the former administration, the deficit in the post office account was upwards of \$700,000. My hon. friend the Postmaster General has not only been able to carry on the service generally in a very efficient manner, but he has extended it, especially in the Yukon and the Atlin districts at a considerable cost, and he closes the year with a deficit of only \$105,221. Even if this were the whole story of the post office, this statement would be a most gratifying one, of which the Postmaster General might well be proud. But the statement becomes immensely better when we consider the great reduction of taxation

which has at the same time taken place in the Post Office Department. When we remember that under previous administrations the domestic rate of postage was three cents, and that under the present administration this has been reduced by one-third, and when we remember the great reductions that have taken place in the postage rates to Great Britain and the colonies, we must all feel that the financial results of the present post office administration have been remarkably satisfactory. It is a record of administration which the government and the Postmaster General (Hon. Sir William Mulock) particularly, may point to with satisfaction.

Some hon. MEMBERS. Hear, hear.

MR. SPROULE. Is that deficit reduced out of the revenue of the post office?

THE MINISTER OF FINANCE. So far as I am aware, it was. I do not quite see the point of my hon. friend's question.

MR. SPROULE. Simply this, if I may be allowed to explain. I understand that the old deficit of \$700,000 was wiped out by an item put in the estimates for that purpose, but it was not revenue from the post office.

THE MINISTER OF FINANCE. I do not quite see the difference; the fact remains that at the close of the year 1896 there was a deficiency of some \$700,000. Just how it was paid is of little consequence; and if under the circumstances which I have described, my hon. friend has reduced that to \$105,000, I think that is a record which even my hon. friend from East Grey (Mr. Sproule) should receive with satisfaction.

In the Department of Railways, also, there is a large increase of receipts. We have been spending a great deal of money on the Intercolonial Railway, the returns for which we expect in some degree through increased receipts, but also to some extent, as in the case of the canals, not through direct dividends, but through service rendered in the general development of the business of the country. Nevertheless, it is gratifying to know that the volume of business on the railways has been greatly increased, as appears by the following statement of the revenue, expenditure, and surplus or deficit for a series of years:

REVENUE AND EXPENDITURE—CONSOLIDATED FUND—
INTERCOLONIAL RAILWAY.

Year.			Expenditure greater or less than revenue by
	Revenue.	Expenditure	
	\$ cts.	\$ cts.	\$ cts.
1890.....	2,928,080 92	3,481,472 97	+ 553,392 05
1895.....	2,940,717 95	2,950,300 91	+ 9,582 96
1900.....	4,552,071 86	4,431,404 69	- 120,667 02
1901.....	4,972,235 87	5,460,422 64	+ 488,186 77
1902.....	5,671,383 91	5,574,563 30	- 96,820 61

Thus, on the Intercolonial Railway proper for the last year there was a surplus of \$96,820.

Mr. BORDEN (Halifax). Does the hon. gentleman include the Prince Edward Island Railway?

The MINISTER OF FINANCE. I said the Intercolonial Railway proper. But the Railway Department has to deal also with the Prince Edward Island Railway, which is commonly associated with the Intercolonial, but is a different road, with a different gauge and operated under different conditions, and under a distinct account. The Windsor branch is also owned by the government, but is leased to the Dominion Atlantic Railway Company on conditions under which the government keeps up the track and receives a certain part of the earnings; and that railway yielded a surplus for the year of \$33,228. But against

these two surpluses, on the Intercolonial and on the Windsor branch, there was a deficit on the Prince Edward Island Railway of \$72,150. So that taking the operations of these three railways together we find that there was a net surplus for the year of \$57,898.

RAILWAYS—CONSOLIDATED FUND—COLLECTION OF REVENUE—INCLUDING INTERCOLONIAL RAILWAY; PRINCE EDWARD ISLAND RAILWAY AND WINDSOR BRANCH.

Year.	Revenue.	Expenditure.	Surplus.	Deficit.
	\$	\$	\$	\$
1896.....	3,140,678	3,254,442	.....	113,764
1897.....	3,066,784	3,195,959	.....	129,175
1-98.....	3,313,847	3,508,648	.....	194,801
1899.....	3,945,817	3,696,612	249,205	
1900.....	4,774,162	4,665,228	108,934	
1901.....	5,213,381	5,739,051	.....	525,670
1902....	5,918,997	5,861,099	57,898	

So far I have been dealing with the expenditures of the year 1901-2 on consolidated account, that is, the expenditures chargeable to income. There were, of course, other expenditures, chargeable to capital and special account, which have to be considered. The following is a comparative statement of our expenditures for 1901 and 1902, covering not only expenditure on consolidated fund account, but also all the items of capital and special expenditure, thus showing our total outlay for the two years:

TOTAL EXPENDITURES 1901-2 COMPARED WITH 1900-1.

Service.	1900-1.		1901-2.		Increase.	Decrease.
	\$	cts.	\$	cts.	\$	cts.
Consolidated Fund.....	46,866,367	84	50,759,391	97	3,893,024	13
Capital—						
Railways.....	3,914,010	50	5,102,838	99	1,188,828	49
Canals.....	2,360,569	89	2,114,689	88	.....	245,880 01
Public Works.....	1,006,983	39	2,190,125	09	1,183,141	70
Dominion Lands.....	269,060	90	370,837	97	101,777	07
Militia.....	135,884	79	299,697	43	163,812	64
Canadian Pacific Railway.....	8,978	87	448	70	.....	8,530 17
Total Capital.....	7,695,488	34	10,078,638	06	2,383,149	72
Special—						
Railway Subsidies.....	2,512,328	86	2,093,939	00	.....	418,389 86
South African Contingents and Halifax Garrison.....	908,631	42	247,741	45	.....	660,939 97
*Bounties on Iron and Steel.....	.....		791,089	38	791,089	38
Total Special.....	3,421,010	28	3,132,769	83	.....	288,240 45
Total Capital and Special.....	11,116,498	62	13,211,407	89	2,094,909	27
Total Expenditure of all kinds.....	57,982,866	46	63,970,799	86	5,987,933	40

* Previously paid out of Customs receipts.

The expenditures on capital account for railways, canals, public works, Dominion lands, militia and Canadian Pacific Railway amounted in 1901 to \$7,695,488.34, and in 1902 to \$10,078,638.06. Special expenditures, such as railway subsidies, South African contingents and Halifax garrison, and bounties on iron and steel, show a total in 1901 of \$3,421,010.28, and in 1902 of \$3,132,769.83. Our total expenditure of all kinds in 1901 was \$57,982,866.46, and in 1902, \$63,970,799.86.

Coming now to the affairs of the fiscal year 1902-3, we find an even more satisfactory state of our finances. The revenue from the 1st of July to the 10th of April was \$48,348,125.67, against for the corresponding period last year \$43,169,658.04, showing an increase in the nine months of \$5,178,467.63. I feel confident that the remainder of the year will show a further increase, and I anticipate that the revenue of the year will come very close to, if it does not reach \$65,000,000. Our revenue last year was a little over \$58,000,000, so that the House will see I am counting on an increase of revenue this year amounting in round numbers to seven million dollars. Our expenditure for the current year up to the 10th of April was \$32,870,204.95, and for the corresponding period last year \$31,946,181.16, showing an increase this year of \$924,023.79. It will be observed that while during these nine months our revenue has increased over \$5,000,000, our expenditure, chargeable to income, for the corresponding period has increased less than \$1,000,000. I anticipate that this favourable condition will continue to the end of the year and that our expenditure chargeable to income for this year will be about \$51,650,000, against a similar expenditure last year of \$50,759,391.97, showing a probable increase of expenditure for the year chargeable to income of only \$890,608.03, while at the same time I am counting on an increase of revenue of \$7,000,000. Since I am estimating the revenue at \$65,000,000 and our probable expenditure chargeable to income at \$51,650,000, it follows that at the close of the year, as between our ordinary expenditure chargeable to income and our revenue, we shall have a magnificent surplus of \$13,350,000—a surplus far and away above any previous surplus in the financial history of our Dominion.

Associated with a question of this character there is always of course the question of our public debt.

An hon. MEMBER. Hear, hear.

The MINISTER OF FINANCE. 'Hear, hear' says my hon. friend opposite, and I am delighted to be able to assure him that upon that point also I have a statement to make as to which we need not fear any comparison. I have here a statement of the increases and decreases of the public debt, as they have occurred from time to time. Those increases and decreases in our net public debt are as follows :

NET DEBT—STATEMENT FOR SEVEN YEARS

	Increase.	Decrease.
1897.....	\$ 3,041,163	
1898.....	2,417,802	
1899.....	2,317,047	
1900.....	2,986,196	\$ 779,639
1901.....	3,349,085	
1902.....		5,650,000
1903.....	\$14,111,296	\$6,429,639
	6,429,639	
Net increase, 7 years..	\$ 7,681,657	
Average per year	1,097,379	
Average of 18 years, 1878-		
1896	6,563,075	

For the current year we do not anticipate any increase of the public debt. Last year we added \$3,349,085 to our debt, which was considerably less than I expected. In the statement I presented a year ago, I anticipated a considerable increase of our public debt as we had large capital expenditures going on then, the outcome of which it was difficult to closely estimate. But happily the outlay on capital account proved less than my estimate and the revenue very much greater. The result was that we added to our public debt at the close of the year only the moderate sum of \$3,349,085.93, which was considerably less than I expected. At the close of the present year, after providing for all our charges against income and our expenditures on capital account, which will be \$10,000,000 or a little more, I anticipate that we shall not only add nothing to the public debt, but make a reduction of that debt to the amount of \$5,650,000. If my expectation as to the favourable outcome of the present year be realized—and I think we may count with considerable safety on its being realized in

the main—we shall find that in the course of seven years, we shall have increased the public debt by \$7,681,657, being an average of a little over \$1,000,000 per annum, or, to be exact, \$1,097,379 under the present administration. And against this, we have the fact that our predecessors increased our public debt during the eighteen years of their administration from 1878 to 1896 by \$6,563,075 per year.

That, Sir, is a statement made to the close of the current year, when we shall have had seven years of financial administration by this government, showing that the average increase of the public debt during these seven years was but \$1,097,379 per year. But making a statement for four years only, I find this result. That in the course of the last four years, including the present, we shall have increased our public debt \$6,335,282.73 in the years 1900-01 and 1902 and shall have increased it by the amount of \$6,429,639.71 in 1900 and 1903. The figures are as follows:

NET DEBT—STATEMENT FOR FOUR YEARS.		
	Increase.	Decrease.
1900.....	.....	\$ 779,639 71
1901.....	.....	\$2,986,196 80
1902.....	.....	3,349,085 93
1903.....	.....	5,650,000 00
	—————	—————
	\$6,335,282 73	\$6,429,639 71

So that taking these four years, during which we have certainly made liberal appropriations for the public service, during which great public works have been carried on, and during which our hon. friends opposite have even charged us occasionally with extravagance, we shall have paid our expenditure on consolidated account, on capital account, on special account, and every other account, and will not have added one cent to the public debt of Canada.

Mr. BORDEN (Halifax). I did not catch the hon. gentleman's figures for the estimated reduction of the public debt.

The MINISTER OF FINANCE. \$5,650,000. Now with regard to reduction of public debt, it may be well to notice that it is very seldom the lot of a Finance Minister of Canada to be able to speak of a reduction of the public debt. Some hon. gentlemen, who may not have followed this matter closely, may be surprised to learn that prior

to the advent of this government, only twice in the history of the Dominion of Canada was there a reduction of the public debt. Once in our time, prior to the present, have we had a reduction of the public debt, amounting to upwards of \$700,000, and now, in the present year, we have this large reduction to which I have referred. While presenting these figures, let me frankly say that I do not think any Minister of Finance of this country should be expected to show often a reduction of the public debt. In a new country like Canada with a great many public works requiring to be assisted, with many demands on the treasury, it would not be surprising that each year we would not only be obliged to spend our ordinary revenue but to incur some debt in order to carry on our great public works.

That, Sir, has been the experience of Canada during the greater part of its history. Where we have had surpluses—and we have had many of them—almost invariably they have been absorbed by the expenditures on capital account. Only four times in the history of Canada have there been reductions in the public debt. That is to say, there have been only four years in which the Dominion was able to provide for all its expenditures and have a balance wherewith to reduce the debt. Twice in the time of our predecessors these reductions were made, and twice in our time. And, if there is anything in making the calculation, I may say that the reductions in the seven years of our administration, were nearly twice as great as the reductions made by our predecessors during the whole of their time. However, while I call attention to these reductions and regard them as a very gratifying feature of the financial statement, I do not hesitate to say that, as a rule, a Minister of Finance will not be able to show reductions of the public debt, and it will be no discredit to him if he is not able to do so.

I have prepared a statement of the public debt per capita, this, of course being the fairest way to make the comparison. It is not to be supposed that the public debt will remain at a standstill; but, as the country grows in population it is able to bear an increased amount of debt without increasing the weight of the burden upon the people. Beginning with the year 1891, we find that the debt per capita has been as follows:—

NET DEBT PER CAPITA.

Year.	Population.	Net Debt.	Per Capita.
1891..	4,833,239	\$237,809,030	\$49.20
1892..	4,877,748	241,131,434	49.43
1893..	4,923,818	241,681,039	49.08
1894..	4,971,536	246,183,029	49.52
1895..	5,021,005	253,074,927	50.40
1896..	5,072,341	258,497,432	50.96
1897..	5,127,220	261,583,596	51.01
1898..	5,184,373	263,956,398	50.91
1899..	5,243,950	266,273,446	50.78
1900..	5,306,113	265,493,806	50.04
1901..	5,371,051	268,480,003	49.98
1902..	5,438,915	271,829,089	49.97
1903..	5,509,000	266,179,089	48.31

The statement I have just given might be made even more favourable. In the estimates of population I have followed the method of calculation usually followed in the census office, by which they add a certain percentage from year to year during the interval between the times of census taking. But I have no doubt, taking into account the large increases in population during the current year, that a correct statement if one could be made, would show a much larger population for the present year than in the estimate I have made. It will be seen that I estimate the population for the present year at 5,509,000 and the net debt at \$48.31 per head, as against \$50.96 per head, the rate when this government came into office.

On the question of surpluses, which is always an interesting question, I have here a statement which gives the surplus or deficit for each year from the year 1897 up to the present time. It will be remembered that, while this government was in power during 1896-7 it had to carry on the financial affairs of the country under conditions which in the main, came to it by way of inheritance from its predecessors. It was not in a position to control the expenditures wholly; in fact the estimates for that year were prepared by my predecessor, and, coming into office when there was no time to revise them, we were glad to accept them, in the main, and act upon them for that year. It will be seen that, for that year, there was a deficit, but that for every year since there has been a surplus:—

SURPLUSES—1897 TO 1903.

	Surplus.	Deficit.
1896-7..	\$519,981 44
1897-8..	1,722,712 33
1898-9..	4,837,749 00
1899-1900..	8,054,714 51
1900-1..	5,648,333 29
1901-2..	7,291,398 06
1902-3 (estimated)	13,350,000 00

Total for 7 years.. \$40,904,907 19 \$519,981 44
519,981 44

Total net surplus
for 7 years.. .. \$40,384,925 75

Average, \$5,769,275.10.

Average for 18 years, 1878-1896, \$544,539.61.

The general condition of our country is so prosperous that, it is not necessary to quote any statistics for the purpose of showing that it is so. The figures I am about to give are not quoted for the purpose of proving prosperity which is apparent to all, but because the Budget Speech is a sort of financial library in which you can file a few documents of this character and which will be found useful and interesting for future reference. First, we have a statement of the deposits of the people in the chartered banks of the country. I give the figures for five year periods:—

DEPOSITS BY THE PEOPLE IN THE CHARTERED BANKS, JUNE 30.

Year.	
1868..	... . . . .
1870..	... . . . .
1875..	... . . . .
1880..	... . . . .
1885..	... . . . .
1890..	... . . . .
1895..	... . . . .
1900..	... . . . .
1901..	... . . . .
1902..	... . . . .
1903, Feb. 28..	... . . . .

A statement of the discount of the chartered banks is a measure of the business of the country. These figures for five year periods are as follows:—

DISCOUNTS—CHARTERED BANKS, JUNE 30.

Year.	Discounts.
1868..
1870..
1875..
1880..
1885..
1890..
1895..
1900..
1901..
1902..
Feb. 28, 1903..

The total trade also is one of the means whereby we measure the prosperity of the country. I have here a statement of the total exports and imports :-

TOTAL TRADE.

Year.	
1868..	\$131,027,532
1870..	148,387,829
1875..	200,957,262
1880..	174,401,205
1885..	198,179,847
1890..	218,607,390
1895..	224,420,485
1900..	381,517,236
1901..	386,903,157
1902..	423,910,441

These figures include total exports and total imports which in turn include coin and bullion.

My next statement is one showing the imports for consumption and the exports :-

STATEMENT OF MERCHANDISE IMPORTED (FOR HOME CONSUMPTION) AND EXPORTED.

Year.	Imports.	Exports.
1868..	\$ 67,090,159	\$ 49,739,998
1870..	66,902,074	62,608,814
1875..	117,408,568	74,628,212
1880..	69,900,542	83,336,197
1885..	99,755,775	84,263,164
1890..	111,682,573	91,387,295
1895..	100,675,891	106,013,394
1900..	172,506,878	177,776,044
1901..	177,700,694	194,509,143
1902..	196,480,190	209,970,864

These figures include merchandise only, (coin and bullion excluded). Equally satisfactory is a statement of our exports confined to home products.

TOTAL EXPORTS—HOME PRODUCE.

Year.	
1868....	\$ 45,543,177
1870....	56,081,192
1875....	67,490,893
1880....	70,046,191
1885....	76,183,518
1890....	82,335,514
1895....	99,528,351
1900....	163,510,790
1901....	177,431,386
1902....	196,019,763

In connection with the statement of surpluses which I have read, I think, having reference to some criticism which occasionally appears in the press, that I should offer a further observation. It ought not to be necessary to make any explanation concerning these surpluses, but sometimes we

see in the public press, and even in journals from which I would expect greater intelligence and greater fairness, the statement that the surpluses which the government have been able to set forth, are unreal, because they do not cover all classes of expenditures. Now, it ought to be well understood by hon. gentleman, and it will be understood by the older members of the House, that the distinction which is observed in our public accounts between capital expenditure and expenditure chargeable to income, is not a discovery which I have made. It is not an invention of mine. It has existed in the public accounts from the beginning, it has properly existed; and I hope it will be clearly understood that in that respect there is no change. The public accounts in this respect are kept as they always have been kept. There is a proper distinction. Sometimes it may be difficult to draw the line, but as respects the greater part of our expenditures on capital account there is a properly drawn line between capital expenditures and expenditures chargeable to income. However that may be, we have simply carried on the same method of keeping accounts that our predecessors have followed.

An hon. MEMBER. Except the bounty on iron.

The MINISTER OF FINANCE. I am glad my hon. friend has reminded me of that, but I would have spoken of it in any case. If you look at the statements which appeared under the head of capital and the statements to-day, you will find that the only new item of any considerable amount is that respecting the bounty on iron. Now, the former method of dealing with that bounty was one with which we need not fear a comparison. What was the former method of keeping accounts with regard to the bounties on iron? We had the moneys deducted from the customs revenues, they were classed as a refund of moneys. Considering that not a penny went into the treasury, it would be difficult to understand how they could be properly classed as a refund. There never was any money paid into the treasury in this connection; but year after year the payment of these bounties, for some reason that I have never

been able to understand, was made out of the Customs Department and stated as a deduction from revenue. I think any business man on either side of the House will acknowledge with me that that was not a proper way of keeping the accounts. You do not find anything about the bounties on iron in the public accounts, as a rule. If you looked into the Auditor General's Report, you might discover that in his analysis of the work of the Customs Department account was taken of the fact that certain moneys were paid as a refund, or something of that kind, for bounties on iron. Well, so long as the sums paid for bounties were not very large, this perhaps was not a very serious matter, though, whether the sum was large or small, it was not a sound method of bookkeeping. But when it came to our knowledge that under this bounty arrangement we were likely to pay large sums of money running up perhaps to millions of dollars a year, then it became necessary that we should treat the matter properly and put it in some other place in the public accounts, and so we began to treat it in the same way as we treat a railway subsidy. Therefore we have charged these bounties on iron and steel to what is called a special expenditure, which is practically a capital account. I think that is justified. But I want to say, Mr. Speaker, that whether that is justified or not, does not affect my argument. As regards the total of the surpluses the bounty on iron and steel is a very small item, and if you strike out of the account the money which we have paid in the shape of bounties on iron and steel, and if you charge that to some other service and deduct it from our surplus, you will still have substantially the same record as that which I present to you, a record of a series of handsome surpluses to the credit of the Liberal government.

Now, Mr. Speaker, there are persons who sometimes wonder why, in a year, in which we say that finances are very prosperous, we are still borrowing money. There are people who cannot understand how that should be necessary. But even in private enterprises there are occasions when the

most prosperous business requires loans to meet immediate obligations. So it is with the nation. There are times when the inflow of revenue into the treasury is greater than the outgo of expenditure, and then we accumulate a considerable balance. But there are other times when the revenue, though still flourishing in comparison with the revenue of corresponding periods, is insufficient to meet the demands. At such times temporary loans are resorted to for short periods, and in that way we have had some temporary loans during the past year. On the 1st of January last, we had outstanding treasury bills amounting to £1,250,000 sterling. These bills were renewed in London for a term of six months at 3 $\frac{1}{2}$ per cent interest. That is a somewhat higher rate than in former times we had to pay. But as every business man is aware, the conditions of the money market for some time past have been very stringent, and having regard to these conditions, the rate was a fair one.

During the last month or two our revenue has increased so rapidly that we have found ourselves able to redeem some of these treasury bills in advance of their maturity. At the time we raised the money, of course we could not have foreseen the increased revenues that have come in. But we have been able to redeem some of the treasury bills already, so that we have reduced the amount of the treasury bills outstanding to £950,000. These will mature on the 1st of July, and our expectation is that we shall be able to pay off the balance of these on the 1st of July out of our accumulating revenue.

I come now to the question of loans which are maturing. If we had only to consider the question of current expenditure we would not require to go upon the London money market for some considerable period, except for occasional temporary loans in the way I have spoken of. We have to consider, however, not only the question of our current expenditures but also the question of outstanding loans, issued many years ago, which will from this time forward begin to mature. I have a statement of those maturing soon, which I present to the House.

LOANS MATURING SOON.

Date of Maturity.	Rate of Interest.	Amount.	Sinking Fund.	Balance.
	Per cent.	£	£	£
<i>In London.</i>				
Oct. 1, 1903.....	5	500,000	None.	500,000
" 1, 1903.....	4	1,500,000	969,500	530,500
April 1, 1904.....	4	300,000	205,000	95,000
May 1, 1904.....	4	4,000,000	1,024,500	2,975,500
		6,300,000	2,199,000	4,101,000
<i>In Canada.</i>				
Nov. 1, 1903.....	4	\$ 2,852,000	\$ None.	\$ 2,852,000

As the House will see, one of these loans, which will mature on 1st November next, is a domestic loan, amounting to \$2,852,000, which was issued in 1883 and bears interest at 4 per cent. My expectation is that we shall be able to refund this loan in Canada at a saving of one-half per cent interest. A few years ago we looked forward to more favourable terms than this. But for several years the condition of the money market has been one of considerable stringency, and the present indications are by no means favourable to cheap money at an early day. Under these circumstances I have thought it well to provide for this loan by issuing a domestic loan for a short period. The proposal is that the holders of this loan shall receive new stock, running only for ten years at 3½ per cent. I have no reason to doubt but that this will be regarded as a fair offer, and that the holders, as a rule, will be glad to renew the loan on these terms. If in any case they are not, I am satisfied that we can easily place the new stock in other quarters at the rate mentioned. I have spoken of a domestic loan which will mature in November in Canada. On the 1st of October we have two loans maturing in London, one a five per cent loan for £500,000 sterling against which there is no sinking fund, therefore, the whole amount of it will have to be provided for. The other is a four per cent loan of £1,500,000 against which we will have a sinking fund of about £1,000,000 leaving a balance of about £500,000 to be provided for. I feel hopeful that by the

1st of October we can, out of our revenues, provide for the five per cent loan of £500,000, and for such portion of the four per cent loan as may then be outstanding. But, if we should not be able to provide for the whole of it we can cover the balance by a small issue of treasury bills which will carry the transaction over into the next year, when we shall have to take into consideration other obligations arising, and at which time we hope for a more favourable state of the money market.

From this time forth, for some years, we shall receive considerable sums from a new source, money which we shall receive virtually as trustees, but which, will, for the time being, be available for our own purposes. I refer to sums which may be derived from the sale of lands by the Canadian Pacific Railway. The first mortgage upon these lands, given in 1881 to secure an issue of \$25,000,000 of bonds, has been practically all paid off. The moneys hereafter realized from the sale of Canadian Pacific Railway lands become available for the payment of an issue of \$15,000,000 of 3½ per cent fifty year bonds issued in 1888. The government guaranteed the interest on these bonds and the Minister of Finance became one of the trustees under the mortgage. It is provided that all moneys realized from the sale of these lands, after the payment of the first mortgage, shall be paid in to the Dominion government. The government allow 3½ per cent interest upon the money in accordance with an arrangement made by our predecessors, which is the rate

which the company have to pay to the bondholders. So soon as the fund accumulated in this way is equal to the principal sum, the company shall be released from all liabilities. The government, with the money in hand to protect itself, will become liable to the bondholders for both principal and interest. We have not yet received any money under this mortgage, the transactions connected with the first mortgage having only recently been closed. But in view of the great demand for lands in the Northwest there is every probability that we shall receive a large sum from this source in the early future. It is difficult to make an estimate of the amount. Probably \$2,000,000 per annum will not be an excessive estimate. As I have already pointed out, it is not a case in which the Dominion profits by the transaction. We shall have to repay ultimately to the bondholders all money which we shall so receive. But in the meantime the government will have the use of the money at the rate of 3½ per cent per annum and to the extent of sums coming into the treasury in this way we shall be relieved from the need of borrowing.

A very interesting feature in connection with the enormous development of business in Canada, and a feature which must have attracted the attention of some of my hon. friends opposite who are interested in large financial concerns, is that this great development of business has been carried on in the Dominion with a comparatively small increase of banking capital. When we look back we find that in 1895 the paid up capital of the chartered banks of Canada was \$61,685,329, and we find that the increases from year to year have been as follows:

CHARTERED BANKS—PAID UP CAPITAL.

31st January, 1895..	\$61,685,329
“ 1896..	62,196,496
“ 1897..	61,756,513
“ 1898..	62,202,614
“ 1899..	63,284,043
“ 1900..	63,734,845
“ 1901..	66,426,767
“ 1902..	67,621,011
“ 1903..	72,856,125

It will be observed that for a long period there was practically little or no change in the volume of bank capital, but while that was the fact, trade and commerce continued to expand in a remarkable degree and the banks were able to handle all these

transactions. The explanation, of course, is to be found in the fact that owing to the increased wealth of the people, the bank deposits have been greatly increased, and that in this way banks have been provided with ample funds for carrying on the increased business of the country. For a long time this worked out satisfactorily and there has been no difficulty in supplying the necessary amount of bank circulation to carry on business, but during the past year, owing to the great development in business, some of the banks began to be anxious as to whether or not they would be able to supply the necessary amount of bank circulation. The law provides that a bank is permitted to issue its own notes up to an amount equal to its paid up capital. Most of the banks have, in times past, found themselves with ample note circulation for their business. But during the past year, with the great increase in the trade of the country, there began to be a fear that the banks' resources in this respect might be insufficient. Several of the banks at all times had a safe margin to work on, but many of the others found their circulation running close up to the limit of their paid up capital. Several schemes have been suggested with a view to increasing the power of the banks to issue notes. We have not felt justified in encouraging any departure from the principle now recognized in the Bank Act, namely, that paid up capital shall be the only basis for the bank circulation, and although, at one stage, one or two of the bankers were inclined to take another view, I think there is a general agreement that this is the soundest and safest rule. A number of banks, realizing that they should have, not only a sufficient circulation for immediate requirements, but also a safe margin to meet the development of business, have taken steps to increase their capital, and, of course, with the increase of actual paid up capital there comes an increase of circulating power. In this way, it is fully expected that during the present year, even with the great development of trade which is going on, the banks will be in a position to provide amply for that part of the currency system of the Dominion which depends upon them.

While the banks of the country furnish a considerable portion of the notes for cir-

culation, another portion of the requirements of the country is met by the issue of Dominion government notes. There has been no change in the law respecting the issue of these notes for quite a long period. Under the Act as it now stands the government are authorized to issue \$20,000,000 of Dominion notes with a reserve of 25 per cent which reserve must take the form of either gold or debentures guaranteed by the imperial government, which are practically the same as gold. For all notes issued in excess of \$20,000,000, the government hold dollar for dollar in gold. It will thus be seen that under this law the government are permitted to issue \$15,000,000 of notes unsecured; that is to say \$20,000,000 being allowed on the basis of 25 per cent reserve, the \$5,000,000 of the issue was protected by a deposit of gold, and \$15,000,000 were issued upon the general credit of the country. I think it will be generally admitted that if Canada at that time was justified in issuing \$15,000,000 of notes on the general credit of the country, the great advance that has taken place in the revenue and wealth of the country will justify the issue of a larger sum to-day. I propose to ask parliament to amend the Currency Act by providing that instead of \$20,000,000 to be issued, with a reserve of 25 per cent, the amount shall be raised to \$30,000,000, the reserve still to be, of course, 25 per cent. For all issues over \$30,000,000—and our circulation is already considerably above that figure—we shall continue to hold in gold dollar for dollar. The effect of the proposed change will be, that, whereas, under the present Act, there are \$15,000,000 of notes unsecured and resting upon the general credit of the country, under the new proposal there may be \$22,500,000 issued under similar conditions, while \$7,500,000 will remain in the treasury in the form of gold or guaranteed debentures, to form the usual 25 per cent of reserve on the increased amount. This step, will, I am sure, readily commend itself to the House. But, I may add that I have only taken it after very careful consideration and consultation with the most conservative financial men, who agree with me as to the wisdom of the proposal.

If there is no demand for these notes, of course, they cannot be issued, but it is well that we should have the power to issue these notes, so that between this additional power

of issue and the increased banking capital we shall have a larger margin for circulation and relieve the anxiety felt some months ago as to the probability of there not being a sufficiency of circulation. But, while with one hand we propose to allow ourselves that greater liberty which will give us practically \$7,500,000 of an increased power of issue, if the public desire it, while with one hand we propose enlarging our powers in that direction, with the other hand we propose to make an appropriation of the money.

While under the proposed arrangement respecting our currency, we shall receive authority for an additional issue of Dominion notes to the amount of seven and a half million dollars, I do not propose to utilize this additional power for the ordinary expenditures of the country. I have another proposal to make under which nearly the whole sum will be applied to the creation of another reserve against another class of Dominion liability. We have at present deposits in the government Savings Bank amounting to about fifty-nine millions of dollars. We have never had any reserve to protect these deposits. The whole amount now rests as in the past on the general credit of the country, and no one has ever doubted that the Dominion is well able to assume responsibility for it. Nevertheless, as a matter of sound finance, now that these deposits have grown to such a very large sum, I think it well that we should take some steps for the creation of a reserve fund; so that if, at any time, there should be a special demand upon us for these moneys, we should have a reasonable sum available immediately to respond to the demand. I therefore propose to amend the Savings Bank Act by providing that the Dominion shall at all times hold a reserve of gold equal to ten per cent of the total amount of the deposits. This reserve, applied to about sixty millions of dollars, will amount to six millions, so that of the seven and a half millions of dollars for which we ask increased authority under the Currency Act, six millions will be at once applied, not to the general expenditure of the country, but to the creation of this new, but, as we think, necessary reserve. The object therefore of the change is not to give the government an additional loan but we think that in this way we may make

a readjustment which will commend itself to all experienced financial men.

Hon. Mr. HAGGART. Will you keep the reserve in cash?

The MINISTER OF FINANCE. The provisions of the Act require that the reserve must be either gold or Canadian debentures bearing the guarantee of the imperial government which is as good as gold, and we will not depart in any way from that. We will simply change the word from 'twenty' to 'thirty' but the character of the reserve will remain the same.

Hon. Mr. HAGGART. I refer to the reserve for the Savings Bank deposits.

The MINISTER OF FINANCE. Oh, yes; practically I think we will have to make it gold because these guaranteed debentures will gradually run out. But if guaranteed debentures are available they are as good as gold, because they are equivalent to British consols. I think it will probably be found necessary to establish the reserve in gold, for I doubt if we can at all times obtain the guaranteed debentures.

Mr. BORDEN (Halifax). Might I ask the hon. gentleman whether the proposition is this: To issue ten millions worth of Dominion notes upon which there will be a reserve of two and a half millions—that is provided the public ask for it—and if the public do ask for it it is proposed to utilize that money in the creation of a reserve of ten per cent upon the fifty-nine millions of money which has been deposited in the savings banks?

The MINISTER OF FINANCE. Yes.

Mr. BORDEN (Halifax). That will merely mean, borrowing from one class of the public to secure another class.

The MINISTER OF FINANCE. Practically yes. It is a readjustment and not an increase; to use a somewhat famous phrase,

Coming now to the question of the tariff, I have two clauses to propose which will affect the tariff in certain directions, and I shall ask for some amendments to the free list. Of these I shall speak presently. With these exceptions—and they are important exceptions as respects the clauses referred to

—we do not propose any change in the schedule rates of dutiable goods. We are not unmindful of the fact that there has been some agitation for a general revision of the tariff, but we think there is nothing in the present circumstances of the country which calls for this, and there are some strong reasons why any extensive changes in the tariff schedules would be inopportune.

Some hon. MEMBERS. Hear, hear.

Mr. HENDERSON. That is a very mild 'hear, hear.'

Some hon. MEMBERS. We will cheer then.

Some other hon. MEMBERS. How does that suit you for a cheer?

The MINISTER OF FINANCE. The country is prosperous; our manufacturing industries have, on the whole, enjoyed, and are enjoying, great prosperity.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Where there are exceptions to this rule, it must not be hastily assumed that these exceptions are due to tariff causes. There may be some cases in which that is debatable, but I think it will be found that in many cases where complaint is made, if that complaint is well founded, that the causes of difficulty are not to be found wholly in the tariff. Indeed Sir, the manufacturers themselves who have communicated with us, have rather based their claim for changes, not so much upon the present condition of affairs as upon the probability, as they think, that we shall soon have less prosperous times. I think, Sir, that most of the manufacturers to-day are suffering, not from want of orders, but for lack of sufficient hands and factory space to enable them to supply the demand.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. I am far from saying that there are not exceptions to this, but I think it is not too much to say that subject to some possible exceptions, the general condition not only of the country at large, but of the manufacturing interests of Canada in the main, is highly

prosperous. We know that all classes have prospered in Canada of late years, and it is an interesting fact that manufacturers have shared in the largest degree of that prosperity, for they have held their home markets to a large extent; they have all or nearly all been busy, and their shipments to foreign markets have been constantly increasing. Therefore, even from a manufacturers point of view, we think the situation is not so bad. There may be a necessity at some early date to make further tariff changes than those which I now propose, but if so the extent to which these changes should be made and the character of the changes may be in a considerable degree dependent upon the attitude of certain other countries towards Canada; certain countries as to which we are not to-day in a position to say exactly what they may be disposed to do now or in the early future. I suppose it will be generally admitted that while we are anxious to improve our trade relations with the world at large, there are two countries with which we naturally have or would like to have intimate trade relations. The one, it goes without saying, is our mother country; the other is the neighbouring republic, because they are so near to us and so closely identified with us in many things, that we must desire to have close and friendly relations with them.

Now with regard to the trade relations with the mother country. We decided several years ago to grant a preference to the mother country in the markets of Canada. There has been a desire among both parties, among all classes of the people of Canada, that that preference should be reciprocal. We do not differ in that. All will admit that if that could be brought about, it would be a desirable thing for Canada, and we hope for the mother country as well. But we have had different ideas as to the best means of accomplishing this. We have been criticised by hon. gentlemen opposite because we gave a preference to the mother country without demanding something in return. We have thought that our view was the better one. We thought that under the circumstances in which we were then placed that it would not only be useless but harmful to have pressed a demand upon the British government for a return of the preference.

In this, Sir, we were not speaking our own views alone. Members of this government had the opportunity to communicate with able, experienced and influential men in the imperial parliament, and the conclusion we reached, after such communication, was that the time was not favourable for pressing a claim of that character. At the same time we quite realized that these are days in which changes rapidly occur; and in the discussion of the question in this House, we have repeatedly said that it was quite within the bounds of possibility, and even probability, that at no distant day some change might be brought about in the attitude of the British government and the British people on that subject. Hon. gentlemen opposite have frequently endeavoured to assure themselves and others that the imperial authorities were ready and willing to give us a preference. We remember how it was stated that Mr. Chamberlain had practically offered us a preference, and that we had declined to have it. We remember how it was said that the Duke of Devonshire had also practically offered us a preference, and we had refused it. All these things, however, were mere fancies. Mr. Chamberlain made no such offer, and the Duke of Devonshire, when appealed to, flatly denied the views attributed to him. It was quite evident that we had nothing to expect in that way; but a change might come, and it did come sooner than we had reason to expect—not a change, however, which took the form of any preference to the colonies. In the midst of a great war, in a time of financial strain upon the imperial treasury, which still continues, the British government adopted the policy of a tax on breadstuffs. That change on the part of the imperial government produced a new situation of which we have not failed to take advantage. It was one thing to propose, as our opponents did in 1897, that the British government should tax the food of their people for our benefit, in order to grant an exemption of Canadian goods from the taxation. It was too much to expect that the British taxpayer, in the then state of public opinion, would be willing to adopt the policy of preference. It was a very different thing, however, to propose to the British government, not that they should tax the food of their people for the sake of the colonies, but that they

should take off taxation by granting a preference in favour of colonial products. We have not failed to press these views upon the imperial authorities from time to time, and in various ways. When the duties were imposed, representations were made, but without success. We resolved to carry the question into the colonial conference to be held in London in connection with the coronation; and at that conference this subject occupied a great deal of attention. It will be remembered that in a speech by Mr. Chamberlain at the beginning of the conference, he expressed the opinion that the preference granted by us, while of value as a mark of the good-will of Canada, and much to be appreciated as a matter of sentiment, was nevertheless not of much material value; and he added that if the question of granting a preference in the mother country could be entertained at all, it would have to be by the granting of some further substantial preference on the part of Canada. While we regretted that Mr. Chamberlain took that view, we felt that we should not on that account fail to press our views on the other side. This statement of Mr. Chamberlain is very interesting, however, as an evidence of his attitude on the question. For a long time it was commonly represented by our opponents in this country that Mr. Chamberlain had been making speeches avowing his readiness to grant a preference, and similar claims had been made with respect to the Duke of Devonshire. But what do we find? We find that not only was Mr. Chamberlain never disposed to grant us any preference, but he has now said that before he could consider the question of a mutual preference to be within the realm of practical policy, we in Canada would be obliged to consider whether we would not give a further preference to British goods. It is therefore perfectly clear that the impression which some hon. gentlemen opposite have had for years regarding Mr. Chamberlain's attitude on this question is an entire delusion. Perhaps in some respects it is to be regretted that the full proceedings of the conference were not made public. However, there were good reasons for the course that was pursued. It was understood from the beginning that the proceedings were to be confidential, and some of the gentlemen present, relying on that, discussed matters with

the freedom of confidential negotiations. To have published all the speeches after that understanding would of course have been a breach of faith. In a conference of that character there are always arising not only national but international questions, and it would not be proper for matters of that kind to be made public unless it were so understood from the beginning. There is no room, however, for any misunderstanding as to what happened on the question of preferential trade, or as to the position taken by the Canadian government. Not only was the subject discussed again and again in the conference, but we had frequent opportunities of discussing it with the British ministers individually, and particularly with Mr. Chamberlain and Mr. Gerald Balfour, the president of the Board of Trade. We contended, as appears in the blue-book containing the proceedings of the conference, that the preference was not only of sentimental value but also of great material value to the British trader and manufacturer. While we contended that the preference already granted was of more value to Great Britain than the British officials had been disposed to admit, we told them that if the imperial government were prepared to adopt the preferential policy and give our products exemption from the duties now imposed or hereafter to be imposed on foreign goods, we would be prepared to grant some further preference, subject to certain conditions which were clearly laid down. We frankly stated that we could not undertake to give that further preference in a manner which would operate to the disadvantage of our own industries. As between the British manufacturer and the Canadian manufacturer, we thought we had gone as far in the way of reduction of duties as we could. But we pointed out that Canada consumed a large quantity of goods imported from foreign countries; and in return for the preference which we sought for Canada, we were prepared to so rearrange our tariff as to give Great Britain a further preference, not over the Canadian manufacturer, but over the foreign competitor.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. The views of the Canadian government on that question are referred to in the memorandum

submitted to the conference by Mr. Gerald Balfour, president of the British Board of Trade, which appears on page 35 of the conference report, and reads as follows :

PREFERENTIAL TRADE.

Memorandum by Mr. Gerald Balfour, President
British Board of Trade.

As a result of the communications which have taken place, it is understood that the representatives of the colonies hereinafter mentioned are prepared to recommend to their respective parliaments preferential treatment of British goods on the following lines :—

CANADA.

The existing preference of 33½ per cent, and on additional preference on lists of selected articles—

- (a) by further reducing the duties in favour of the United Kingdom ;
- (b) by raising the duties against foreign imports ;
- (c) by imposing duties on certain foreign imports now on the free list.

The rest of the memo. refers to Australia, New Zealand and the Cape, and I need not detain the House by reading it.

Now, the result of the whole discussion, so far as the record shows, is a resolution found on page thirty-six :—

The general resolution that was finally adopted as covering the principle underlying the several proposals comprised in Mr. Balfour's memorandum, was as follows :—

1. That this conference recognizes that the principle of preferential trade between the United Kingdom and His Majesty's dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would by promoting the development of the resources and industries of the several parts, strengthen the empire.

2. That this conference recognizes that, in the present circumstances of the colonies, it is not practicable to adopt a general system of free trade as between the mother country and the British dominions beyond the seas.

3. That with a view, however, to promoting the increase of trade within the empire, it is desirable that those colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

4. That the Prime Ministers of the colonies respectfully urge on His Majesty's government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the colonies, either by exemption from or reduction of duties now or hereafter imposed.

5. That the Prime Ministers present at the conference undertake to submit to their respective governments at the earliest opportunity the principle of the resolution, and to request

them to take such measures as may be necessary to give effect to it.

It will be observed that Mr. Balfour's memo. speaks of an increased preference to be granted to Great Britain by Canada, but does not make any reference to any preference to be granted by Great Britain to Canada. That, however, means nothing, because the reciprocal character of the arrangement was well understood and so expressed in the other documents. The conclusion of the whole discussion was that this additional preference which we were debating was only to be granted to the mother country for and in consideration of the preference we had asked for the products of Canada in the markets of Great Britain. That is made abundantly clear in the memo. of the Canadian ministers, which is filed on the subject. That memo. is a little lengthy, yet I must ask the House to bear with me while I read it, because although it was published some months ago, its nature may be forgotten. As it is a statement not only of our views, but of the views which were expressed by Mr. Chamberlain on behalf of the British government, and was published with his authority, I think we shall do well to give its terms our consideration :—

MEMORANDUM OF CANADIAN MINISTERS
AT COLONIAL CONFERENCE.

This subject has frequently engaged the attention of the conference. At an early stage Mr. Chamberlain suggested that the question could most conveniently be considered by the representatives of each colony placing themselves in communication with the President of the Board of Trade, Mr. Gerald Balfour, and the officials of that department. Accordingly the Canadian ministers had several protracted interviews with these gentlemen, and discussed the whole subject very fully. Opportunity was also taken to present the Canadian view to Mr. Chamberlain. Now that the conference is drawing to a close, it is desirable that the course of the discussion, and the conclusions reached by the Canadian ministers, should be outlined and placed on record.

From the beginning of the proceedings the Canadian ministers have claimed that in consideration of the substantial preference given by Canada for some years to the products of the mother country, Canadian food products should be exempted in the United Kingdom from the duties recently imposed. Representations to this effect previously made through the High Commissioner for Canada were supplemented by the ministers, both in writing and in the personal interviews with the imperial ministers.

Mr. Chamberlain, on behalf of the imperial government, was unable to agree to the proposals of the Canadian ministers. He represented that the imperial government, while highly appreciating the good feeling manifested by Canada in the granting of preferential treatment, did not think the material results to the trade of the United Kingdom were as great as the Canadian ministers claimed. He further said that the change desired by Canada would be an important departure from the established fiscal policy of the Kingdom, and that if the proposals could be entertained at all, as to which he was not prepared to commit himself, it would be necessary for Canada to offer some material tariff concessions beyond those which she had already voluntarily given.

The Canadian ministers, therefore, submitted a memorandum on the subject of the advantages already received by Great Britain from the Canadian preferential tariff, with a view to showing that these were of much value, and entitled to weight in the consideration of the whole subject.

While urging that the benefits of the preference were such as to entitle Canada to the desired exemption from the duties on food products in the United Kingdom, the Canadian ministers stated that within certain limitations they were prepared to consider the request of Mr. Chamberlain for further concessions in return for the desired preference in the markets of the United Kingdom. While it was not deemed necessary to enter into questions as to the wisdom or unwisdom of the policy adopted by all governments in Canada, of raising the revenues chiefly from customs duties, the Canadian ministers pointed out that under that policy large industries had grown up which had to be considered in connection with proposed tariff changes. Large reduction of duties had been made in recent years, especially on British imports. It was feared that in some lines of importance further reductions might create a disturbance of trade which would not be conducive to the welfare of the country. But the Canadian ministers pointed out that the Canadian tariff was by no means prohibitive, that large quantities of goods were imported, and that a great proportion of these came from foreign countries. In any lines in which it appeared that the goods would be manufactured in Great Britain it might be possible to so readjust some duties as to give an additional advantage to the British manufacturer, and thus turn over to him a volume of trade which at present is held by the manufacturers of foreign countries.

The Canadian ministers stated if they could be assured that the imperial government would accept the principle of preferential trade generally, and particularly grant to the food products of Canada in the United Kingdom exemption from duties now levied, or hereinafter imposed, they, the Canadian ministers, would be prepared to go further into the subject, and endeavour to give to the British manufacturer some increased advantage over his foreign competitors in the markets of Canada.

Meanwhile the Canadian ministers determined to present to the conference a resolution affirming the principle of preferential trade, and the desirability of its adoption by the colonies generally, and also expressing the opinion of the Prime Ministers of the colonies that His Majesty's government should reciprocate by granting preferential terms to the products of the colonies, in the markets of the mother country. The Canadian ministers desired to have it understood that they took this course with the strong hope and expectation that the principle of preferential trade would be more widely accepted by the colonies, and that the mother country would at an early day apply the same principle by exempting the products of the colonies from customs duties. If, after using every effort to bring about such a readjustment of the fiscal policy of the empire, the Canadian government should find that the principle of preferential trade is not acceptable to the colonies generally, or the mother country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions.

London, August 11, 1902.

Surprise has been expressed in some quarters—I have heard it expressed, I think, in this House—that the colonial conference did not produce some more definite result. I think that that is the result of some misapprehension. The colonial conference was not a legislative body; it was not what could be called an executive body; it was at the best merely an advisory body. All it could do was to consider the various subjects brought before it, and to express the conclusions which might be reached by the gentlemen comprising it, leaving to all the governments concerned the duty of taking up the matter later on if it should be deemed necessary. That is exactly the position in which this matter of preferential trade stands to-day. The end is not yet. We are not prepared to say at this moment what may be the answer of the British government with regard to the view we have placed before it.

We are aware, Sir, that Mr. Chamberlain, the able Colonial Secretary, whose interest and support we would naturally desire and hope to obtain, has been for some months absent in South Africa, where he has rendered very valuable service to the empire. While we are glad that he was there to render that service in the pacification of South Africa, his absence has, perhaps, to some extent, been a loss to us, inasmuch as, had he been in London during these six months, we might have had his valuable

help in the consideration of this matter. The budget speech of the new Chancellor of the Exchequer, Mr. Ritchie, has not yet been delivered. We are so close to it, that it may be too much to expect that this subject would be dealt with in it. But, however that may be, this much at least may be said—that, as we were invited by Mr. Chamberlain to express our views on this subject, as he took an interest in the matter, and as there are others in the imperial parliament who take an interest in it, some of whom are prepared to express themselves more freely than Mr. Chamberlain himself was prepared to do, the least that the British authorities can expect is that we shall allow a reasonable time to elapse before anything further is done. But if, after further consideration, they come to the conclusion that our request is not a reasonable one, if, owing to their adherence to certain views they cannot grant us the preference, we shall be free to take our own course. Whether, in such a case it would be wise, in the interests of Canada, to modify or change the preferential tariff, would be a question to be considered. But, putting aside other considerations, if the British government and people do not show any appreciation of the value of the preference, then, so far as the British government and people are concerned, they cannot complain if we see fit to modify or change that preferential tariff. Of course, Sir, there would still remain the more important consideration, how far, if at all, that tariff could be changed with due regard to the interest of the masses of the Canadian people.

Next to Great Britain, the country with which, in the past, we have been accustomed to say we desire to deal, is the United States. I suppose it is not too much to say that, for some years, our friends across the border have not been too well disposed towards the admission of Canadian products into their markets. While from one point of view, we have been disposed to regret their attitude, there are other considerations which would dispose us to modify very much any expressions of dissatisfaction. When the people of Canada discovered, after frequent efforts, and after ample time given for consideration, that there was a strong hostility on the part of the United States authorities to granting liberal trade arrange-

ments, they ceased to grumble about the matter but, like sensible people, made up their minds to seek for markets elsewhere. And they sought and found them. I think that the proposition that these peoples, living side by side, should enjoy a greater freedom of reciprocal trade, is as sound to-day as it ever was. But it is the simple truth to say that we no longer feel the need of reciprocity as keenly as we once did. There will be no disposition, I am sure, on our part to clamour for reciprocity with the United States. But there can be no doubt that while, in the past, the tendency of the Americans generally have been adverse to reciprocity, there have always been in the United States a number of very able and thoughtful men who have been well disposed toward better trade relations. I think that that class of people is now increasing and that there is a manifest growth of public opinion in favour of better trade relations between the United States and Canada. That growth of opinion in favour of reciprocity has been manifested in several ways, one of them being an approach on the part of an authorized representative of the United States government to the government of Canada, that the Joint High Commission, which met several years ago, first at Quebec and afterwards at Washington, shall be again convened. The fact that such an approach has been made is well known, of course, for it has been announced in the public press. I thought that, perhaps, the House would desire to know exactly how the matter stands, and so I asked the Prime Minister to give me the correspondence which, if the House does not object to receiving it in this manner, I will read. The first letter from Senator Fairbanks to the Prime Minister is as follows:

United States Senate,
Washington, D.C., February 13, 1903.

My dear Sir Wilfrid,—The matter between the boundary between Alaska and Canada having been transferred to a special tribunal by our respective governments, I presume that no obstacle remains to the reassembling of the Joint High Commission. I write, therefore, to inquire when it will be agreeable to you to have it reconvene. Any date after the middle of next month will suit the convenience of the commissioners of the United States.

The progress we had made in the consideration of the subjects of the protocol at the date

of our adjournment gives warrant for the hope that we can determine many if not all of them.

I have the honour to be,
My dear Sir Wilfrid,
Very sincerely yours,
(Sgd.) CHARLES W. FAIRBANKS.

Sir Wilfrid Laurier.
Ottawa.

To this the Prime Minister replied:

Ottawa, 17th February, 1903.

My dear Senator.—I duly appreciate your thoughtfulness, and I hasten to give you my reply. It is a great satisfaction that, at last, the Alaska boundary is in a fair way to be honourably settled. This makes the course clear for the settlement of the other questions with which the High Commissioner had been entrusted. I am sorry to say that, as far as we are concerned on this side of the line, it would not be possible to reassemble the commission before the end of next summer. The session of congress will close on the 4th of March, but our own session will not commence before the 12th of the same month, and it is expected to last at least four months, and as three members of the commission on the Canadian side are also members of our parliament, it is a fatal objection to the early summoning of it.

Moreover, I think it would be unadvisable to have the commission to meet officially, unless we are pretty sure in advance of being able to come to some conclusion on some important points. If you will permit me a suggestion; as soon as our parliament has been prorogued, I will take an opportunity of asking you for a private interview, where we could survey the ground again and fix a date for the commission to meet again.

Believe me, my dear Senator,
Yours very sincerely,
(Sgd.) WILFRID LAURIER.

The Hon. Senator Fairbanks,
Washington, D.C.

The next communication from Senator Fairbanks was as follows:

Washington, D.C., March 4, 1903.

My dear Sir Wilfrid,—I observe that the next session of your parliament is near at hand and that it will not be prorogued early enough to enable us to reconvene the Joint High Commission before the close of the summer.

It is quite well enough that we should arrange for a private interview, after your parliament is prorogued, and, as you suggest, so that we may consider the work before us and agree upon a date for reassembling.

The Senate is called to meet in extra session to-morrow. When it adjourns I shall return to Indianapolis, to remain indefinitely.

I have the honour to remain,
My dear Sir Wilfrid,
Very respectfully yours,
(Sgd.) CHARLES W. FAIRBANKS.

Sir Wilfrid Laurier.
Ottawa.

As the correspondence indicates, we are not in a position to form any decided opinion as to what may be the outcome of the proposed negotiations. The letter of the Prime Minister to Mr. Fairbanks points out that it is hardly worth while to summon the High Commission if we are to meet with the same difficulties as before; and I am sure I am right in interpreting the Prime Minister's letter to mean that, unless a preliminary discussion gives us some reasonable hope that the outcome of another meeting will be fairly satisfactory, there will be no desire on the part of this government to have the High Commission resume its sittings. But, Sir, while we should assume a dignified and proper attitude, while we could not again approach our American friends with a request for reciprocity, yet, if they are disposed, in the light of recent events, to take a more liberal view of the trade relations between the two countries, and manifest a desire to have the High Commission reconvene for the purpose of trying, in good faith, to bring about a better state of affairs in this respect, it is due to them as well as to our own self-respect that we should meet them in a fair and generous spirit, and join in any reasonable effort to bring about such readjustment of the relations between Canada and the United States as will be honourable to both countries and advantageous to the interests of the people. While not too confident as to the results which may flow, either from our application to the imperial government with regard to preferential trade, or from the possible negotiations with the United States in respect to reciprocity, I think it is not too much to say that in both these matters there is enough to require us to stay our hands and to see what will be done as respects these two important matters before we enter upon any extensive change in our tariff.

Throughout this whole tariff question we have endeavoured to avoid extremes. The policy of the government on the tariff has been a policy of moderation and stability. There are extreme views held on questions of this character. There are extreme protectionist views, there are those who seem to insist that we should make things at home, and who do not always stop to consider what the cost will be. Sometimes, if you endeavour to ascertain from the gentle-

men who advocate these views what are the duties which they wish us to impose in order that we may make these things at home, we discover that they are not very frank ; sometimes they are only willing to give us their views on that matter in confidence, and not always then. I think, Sir, I may say that while there is a widespread, a universal sympathy for home industries, while every man in this Dominion ought to be proud of our home industries and desirous of giving a preference to our home manufactured goods, still there is in all these matters a question of cost ; and when the manufacturers come to us, as they sometimes do, and desire to have duties which will go up as high as 50 per cent, 60 per cent, and even 70 per cent, on the cost of the goods, then I say there will be many in this country to question whether or not we can afford to carry protection as far as that. There are extremes of that kind to be avoided. Then there are extremes on the other side. There are people who, relying upon the sound principles of free trade, sound enough in their proper place, are disposed to carry them to a point which takes no account of the conditions. They seem to adopt a theory, and they say : You must carry out that theory regardless of what may be done elsewhere : Fix your own tariff policy, and never mind what is done elsewhere. Well, Sir, I am sure we cannot go as far as that. Commercial questions are every day occupying more attention in the field of public affairs. There is great rivalry among the nations ; nay, there is commercial war, and in a contest of that character it is not enough to have a good old theory ; you must understand the methods whereby your opponent plays the game, so that you may be able, if necessary, to modify your views.

Some hon. MEMBERS. Hear, hear.

Mr. MACLEAN. You are coming to it.

The MINISTER OF FINANCE. I am delighted to have my views endorsed by my hon. friends opposite. It is not only necessary that we should take account of the way our opponent plays the game, but once in a while it may even be necessary, in exceptional circumstances, to meet him with his own tactics. If that doctrine meets with

the approval of my hon. friends opposite I am not disposed to complain. In a country of such vast extent as ours, a country of great territory, it is inevitable that there shall be wide differences of opinion on questions of this character. There will be conflicts of opinion, and there will be conflicts of interests. There will be the extreme view on the one side, and the extreme view on the other. We hold that it is the duty of the government not to yield to these extreme views on either side, but to endeavour to reconcile these views, in the hope that we may bring about a common action which the whole country can accept—a compromise, if you care to call it such. We appeal to the people of the different sections, each one to yield up something in order that we may reach a ground upon which all can act in harmony.

Our manufacturing friends have expressed a desire that the tariff should be kept out of politics. Sir, how are you going to keep the tariff out of politics if some of our manufacturing friends insist upon duties so high that they are sure to antagonize great masses of the people ? Especially should we consider these things when we observe what is happening in our great west. The seed that has been sown in the last few years is bearing fruit. When we see immigrants flowing into that country from all parts of the world, we cannot fail to observe the signs of the times. The power of control is passing from the east to the west. Great as is the prosperity of eastern and central Canada, greater still is the prosperity of the vast region lying west of Lake Superior. Ontario and the maritime provinces are losing members, the west is gaining members. That great population in the west is going to be a greater power in the future than it is at present. These western people, producing articles that depend for their value on the open markets of the world, would chafe under a system of high protective duties, and would unquestionably organize against it. Is it not better to meet these people in a spirit of compromise, and ask them to join us in a moderate tariff, rather than, by the adoption of a high tariff policy, array them against the manufacturing interests of the east ? I say it would be in the interests of the manufacturers themselves to take account of these

things. The best way you can help the manufacturers of Canada is to fill up the prairie regions of Manitoba and the Northwest with a prosperous and contented people, who will be consumers of the manufactured goods of the east. But if, through the adoption of an extreme policy of protection which they would regard as burdensome to themselves, you were to undertake to impose rates of duties so excessive as to challenge the hostility of these people, then I say there will be an antagonism between the east and the west, and the result will be unfavourable to the upbuilding of Canada. Let us rather hold out the hand of encouragement to these people who come in and open up new homes in that land, let us adopt a policy under which the expenses of living will not be excessive, under which, in fact, living shall be as cheap as possible. As I have said, there have been extreme views on both sides, and we have tried to avoid them. We have endeavoured to give the country a tariff of stability, a tariff which, in so far as a tariff has any relation to prosperity, has been an important factor in the development of Canada the last few years. The efforts we have made to compromise conflicting interests, the willingness we have manifested to meet opposing interests and endeavour to reconcile them, affords the best guarantee that, in any future changes which may have to be made, the question will be approached in the same spirit and, let us hope, with the same happy results.

I suppose, Sir, that next to Great Britain and the United States, the countries in which we naturally feel the most interest, both in trade matters and in other respects, are France and Germany. With regard to France, we have a treaty existing for a number of years which covers, unfortunately, only a small list of articles, and which is not quite satisfactory to us in its terms; we think it is perhaps a little one-sided. However, if it has not been very successful in the development of business, that treaty has done something, and we hope it will prepare the way for better things. During the past year, when several ministers of the Crown were in Europe, we availed ourselves of the opportunity of going into this question of trade with France, and with the approval of His Majesty's government, we entered into negotiations with the French

government at the Foreign Office in Paris. I am glad to be able to say, though I am sure it is not necessary to say it, that the French authorities met us with every possible courtesy and consideration, and manifested a very warm desire to extend their trade relations with Canada. Unfortunately the time would not permit us to follow up the negotiations to a conclusion; but I feel very hopeful, from the encouragement that we then received, that at no distant date we shall be able to extend very considerably the scope of our present commercial treaty with France.

I come now to Germany. Prior to July 31, 1898, we had a treaty with Germany, or to be more exact, we were participating in a treaty between Great Britain and Germany under which we, as well as the mother country, received the benefit of what is called the favoured nation treatment. That was the condition of affairs for many years. But that treaty, while satisfactory as far as favoured nation treatment was concerned, contained one clause that was very obnoxious to the people, not only of Canada but of the colonies generally. That treaty contained a clause that the duties imposed upon goods coming from Germany should not be higher, not only in Canada but throughout the empire, should not be higher in any case than the duties imposed on goods coming from Great Britain. Favoured nation treatment deals with the giving to one nation of as favourable treatment as you give to any other nation. This treaty went beyond that. It required that we should give Germany not only favoured nation treatment but the same treatment we were giving the mother country. This clause in the old treaty was a very objectionable one and was frequently the subject of comment and protest on the part of the colonies. But, all our protests were unavailing. However, in 1897 Canada rather forced the issue by asserting in her tariff of that year her right to grant a preference to the goods of the mother country over the goods of any foreign nation. That right was questioned and after a legal argument that right was denied. It was held that we were bound by the terms of the treaty, that we must give to the products of Germany the same treatment that we gave to the products of the mother country, and it followed that

if we gave it to Germany then the so called favoured nation treaties with other countries came in and we had to give it to the other countries as well; so that practically the preference to the mother country was for the moment cancelled. But, while the imperial government felt bound to take that view, they immediately realized that that was a condition of affairs that should not continue and they gave notice that after the 31st of July, 1898, the treaty would cease and determine, and it did. Then, a new question arose. Shortly before the expiry of the treaty negotiations were opened by the imperial government for a new treaty. It was explained that the German government were not prepared to make a permanent treaty with any country at that time, but that they were making provisional treaties to tide over a few years, and they made a provisional treaty with Great Britain whereby Great Britain was to continue to have the benefits of favoured nation treatment, but they specifically excluded Canada from the benefits of that treaty.

Mr. BORDEN (Halifax). Great Britain and the colonies.

The MINISTER OF FINANCE. Yes, they extended it to Great Britain and the colonies generally but they particularly excluded Canada. So soon as that became known we entered a protest against it. Communications passed between our government and the High Commissioner in London. The treaty did not expire until the end of the month of July, 1898, and on the 11th of July, 1898, shortly before the treaty actually expired, Lord Strathcona addressed a letter to the Under Secretary of State for the Colonies. We shall lay on the Table of the House all the correspondence on the subject, but for the purpose of my speech I will read one or two letters which will put the House in possession of the essential facts.

RELATIONS WITH GERMANY—LORD STRATHCONA'S LETTER.

17 Victoria Street,
London, 11th July, 1898.

Sir,—I beg to acknowledge Mr. Cox's letter of the 5th instant with a copy of the note from the German ambassador to the Marquess of Salisbury, communicating the decision of the Bundesrat on the question of provisional commercial relations between the German empire

and Great Britain and the colonies, on the expiry of the present treaty.

The Dominion government, I am advised, have observed with much regret that Canada is to be excluded from the grant of the most favoured nation treatment which is to be extended by Germany after the 31st instant to imports from the United Kingdom, the British colonies and the foreign possessions of the empire.

It is true that the Dominion is granting to the United Kingdom and to certain British possessions a preferential tariff after the 31st instant, but that is a matter of purely domestic policy as distinct from foreign policy. And in this connection I may state that Canada proposes to extend to Germany the same privileges that are accorded to all other foreign powers. It will be gratifying to the Dominion government if it is possible to continue this policy so far as Germany is concerned. And all that Canada asks in return is the same treatment that is being extended to Germany. No suggestion has ever been put forward that the exports from the Dominion should be placed in Germany on the same footing as goods exchanged between the different states that form the German empire.

There is one other point I may mention. It is that though in the French, Spanish and Portuguese colonies preferential rates of duty are conceded to imports from the metropolitan countries, I believe I am correct in stating that imports into Germany from these colonies are not refused most favoured nation treatment.

I have been requested by the government of Canada to ask Her Majesty's government to represent the matter to the German government, and with all respect, I venture to express the hope that the German government will find it possible to reconsider its decision and thus prevent a disturbance of the commercial relations between Germany and Canada which must otherwise result to the disadvantage of both countries.

I am, Sir,
Your obedient servant,
(Sgd.) STRATHCONA.

The Under Secretary of State for the Colonies,
Colonial Office,
Downing Street, S.W.

We have been criticised in this House for not having adopted retaliatory legislation towards Germany. I admit that there was very much in the circumstances to tempt parliament to take such a course. However, the view which we took was that in matters of an international character we should not adopt any hasty or ill advised legislation, but that we should endeavour by patient representations to impress our views on the German government, in the hope that a better understanding would be brought about, and so, from the beginning, as shown by Lord Strathcona's letters under instruc-

tions from the government, we made these representations. Unfortunately, all our efforts in this direction have proved unsuccessful. Representations were made through the diplomatic channels of the British government, but without success. In the fall of the year 1901, and particularly in November, we concluded that as the usual form of diplomatic negotiations through the imperial authorities had not proved successful, we would avail ourselves of opportunities to discuss the subject with the gentleman who holds the very honourable position of Imperial German Consul in Montreal, Mr. Bopp. He was good enough to meet us in a friendly spirit and gave us the use of his official channel of communication to express our views. Of course, representing the German government, in our conversations with him, he was by no means ready to accept our views, but we thought that we should press the matter upon the German government through him, as well as through the more official channels of the colonial office. Thereupon, in the month of November, 1901, after a conference held by the right hon. leader of the government (Rt. Hon. Sir Wilfrid Laurier) the hon. Minister of Customs (Hon. Mr. Paterson) and myself with Mr. Bopp we prepared the following memorandum :-

RELATIONS WITH GERMANY—MR. FIELDING'S MEMORANDUM FOR THE GERMAN CONSUL AT MONTREAL.

The undersigned Minister of Finance, having in conjunction with the Right Honourable the Prime Minister and the Honourable the Minister of Customs, had an interview at Ottawa with Herr Franz Bopp, His Imperial German Majesty's Consul at Montreal, on the subject of the trade relations between the German empire and the Dominion of Canada, submits for the consideration of council the following observations thereon.

Prior to 31st July, 1893, Canada, as a portion of the British empire, received the most favourable tariff treatment in Germany, under the terms of the treaty which had long existed between that country and Great Britain. On the date named, that treaty, having been denounced by the British government, ceased to have effect. Provisional agreements have since been entered into from time to time between Great Britain and Germany. Canada, however, has been excluded from the benefit of such agreements. The products of Canada are no longer admitted into Germany on the favoured terms known in the German tariff as 'conventional duties,' but are specially excluded therefrom and made subject to the higher duties of the general tariff. The reason assigned by the German government for this discrimination against Canada is the enactment by the Dominion of legislation granting preferential tariff

rates to the products of Great Britain. The undersigned desires to point out that the policy of the Canadian government was not designed to give any foreign nation more favoured treatment than was to be allowed to Germany. The Canadian policy has been confined to a readjustment of the commercial relations of the Dominion with the British empire of which it is a part, a domestic affair which could hardly be open to reasonable objection by any foreign government. It would, therefore, seem that the action of Canada afforded no just ground for complaint by Germany. The undersigned is of opinion that there has been some misconception of the Canadian policy in this respect, and hopes that upon further consideration the German government will see that Canada, in taking the step referred to, did not forfeit her claim to the advantages accorded by Germany to the most favoured nations.

Apart, however, from the purpose of the Canadian policy in question, the undersigned invites attention to the fact that the trade between the two countries, which was largely in favour of Germany under the treaty, has continued to be equally favourable since the treaty ceased to exist. Canada was and still is a large purchaser of German goods, while Germany was and still is but a small purchaser of the products of Canada. The following statistics will clearly show how largely the balance of trade is in favour of Germany :

IMPORTS FROM GERMANY INTO CANADA FOR HOME CONSUMPTION FOR THE FISCAL YEARS ENDING JUNE 30.

1896.....	\$ 5,931,450
1897.....	6,493,363
1898.....	5,584,014
1899.....	7,393,453
1900.....	8,383,493
1901.....	7,921,405

These imports it is believed have been substantially all of German origin.

TOTAL EXPORTS OF CANADA TO GERMANY DURING THE FISCAL YEARS ENDING JUNE 30.

1896.....	\$ 757,531
1897.....	1,045,432
1898.....	1,837,448
1899.....	2,219,569
1900.....	1,715,903
1901.....	2,141,552

A portion of these exports was not Canadian but merely passed through Canada in transit. The following statement shows more accurately to what extent Germany is a buyer of Canadian goods :—

EXPORTS OF THE PRODUCTS OF CANADA TO GERMANY DURING THE FISCAL YEARS ENDING JUNE 30.

1896.....	\$ 606,919
1897.....	764,589
1898.....	1,419,096
1899.....	1,310,373
1900.....	1,123,163
1901.....	1,374,616

In view of this evidence that the trade between the two countries continues to be very largely in favour of Germany, the purchases

from that country being more than five times greater than Germany's purchases from Canada, the undersigned thinks that the German government may be fairly asked to give the products of the Dominion the most favoured treatment in the German markets.

The fact that Canada, while so largely a purchaser of the goods of Germany, is treated unfavourably by the tariff laws of that country, is regarded by many in the Dominion as evidence of unfriendliness and has led to demands for retaliatory tariff legislation. The Canadian government have not yielded to such demands, deeming it better to place the facts before the German government in the hope that the present discrimination against the products of Canada may be removed.

The Canadian government would at a convenient moment be prepared to consider the general question of trade relations between Germany and the Dominion. The undersigned understands, however, that it is not the policy of the German government at present to make any commercial treaties extending beyond the year 1903, it being desired that at that time all commercial arrangements with foreign nations shall be subject to revision. It would therefore be inexpedient for the Canadian government to enter into negotiations at this moment with a view to a general treaty with Germany. Negotiations of that character necessarily occupy considerable time and it is probable that before any arrangement satisfactory to both countries could be reached the period for which the German government are disposed to agree would almost have expired.

The undersigned therefore submits that, reserving for further consideration the question of a treaty to take effect after the year 1903, it is desirable that a friendly temporary arrangement be made with Germany. In view of the figures already presented, showing how largely the balance of trade is in favour of Germany, it would not be unreasonable to ask the German government to take that important fact into consideration and extend to Canada the tariff advantages from which the Dominion is at present excluded.

The only matters in which the products of Germany are at any disadvantage in the Canadian markets as compared with the products of other foreign countries are those which arise out of the arrangements made between France and Canada by the commercial treaty of 1894. The advantages of that treaty were extended to Germany and were only withdrawn after the adoption by the German government of the adverse policy which is the subject of this memorandum. In the event of Germany agreeing to allow favoured nation treatment to the products of Canada the benefits which are granted to France under the treaty of 1894, should, of course, be extended to Germany, thus placing German goods in every respect on equal terms with the goods of other foreign countries.

The making of a formal treaty would require the appointment of plenipotentiaries by His Majesty the Emperor of Germany and His Majesty the King of Great Britain on behalf of Canada. But while recognizing this fact, the undersigned is of opinion that a friendly exchange of views between members of the Canadian government and Herr Bopp, representing the government of Germany, may be very useful in bringing about a better understanding, and therefore it is recommended that a copy of this memorandum be furnished confidentially

to Herr Bopp. If Herr Bopp should be able to intimate at an early date that the suggestions herein made are received with favour steps could then be taken to have the matter dealt with more formally through the proper treaty-making channels.

(Sd.) W. S. FIELDING,
Minister of Finance.

Department of Finance,
Ottawa, November 18, 1901.

The figures in this memorandum are brought down to the end of the fiscal year ending 30th June, 1901. The figures for the following year sustain the position taken as to the large balance of trade favourable to Germany. In that year, 1902, our imports from Germany for home consumption were \$10,823,169, while our exports to Germany of the produce of Canada were only \$1,298,654. Sir, I regret to have to say that unfortunately all these efforts to bring about a better understanding with Germany have failed. We have patiently, as it will be acknowledged, for the long period of five years endeavoured to bring about such an understanding—a longer period than some hon. gentlemen opposite were willing to wait, for they criticised us, and perhaps with reason, because we did not make some hostile movement in previous years. However, Sir, we do not think that we can afford to let the matter stand in its present position any longer.

Some hon. MEMBERS. Hear, hear.

THE MINISTER OF FINANCE. After these five years of careful, patient negotiation, we think it is our duty to place all the facts before the parliament of Canada and to take such steps as will assert the right of the people of Canada to make arrangements, either as respects their trade or any other matters, with the mother country or any part of the British empire, without admitting the right of any foreign nation to interfere in the matter in any shape or form.

Some hon. MEMBERS. Hear, hear.

THE MINISTER OF FINANCE. Our German friends have given us some idea of how we may deal with a matter of that sort. We have not any legislation in our tariff at present which would enable us to deal with such an exceptional condition. Our German friends have shown us, however,

how the thing may be done if we care to follow them. I have in my hands an extract from the new German tariff. This is the tariff law which was recently passed but which I think is not in operation at the present time. It is to be brought into operation by order later on. But it is the latest German tariff law. It says:

Dutiable goods proceeding from states that treat German ships or products less favourably than those of other nations may without prejudice to the tariff duties, be burdened with a surtax ranging up to 100 per cent of the tariff duty imposed on such goods, or even with a surtax equivalent to the total value of the goods themselves. Goods free of duty in virtue of the tariff may under the same conditions be taxed with a duty not exceeding 50 per cent ad valorem.

Germany would hardly be able to complain if we should copy that clause into our tariff.

Some hon. MEMBERS. Hear, hear. Put it there.

The MINISTER OF FINANCE. But still with that policy of moderation which has always to be observed—

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. We may learn a useful lesson from foreign countries without going too far in the matter. We do not propose to interfere, as the German tariff proposes to do, with free imports. In their proposal and the power they take in their tariff, they can impose a duty on free goods; goods which would otherwise be free but which in this particular case would be dutiable. We do not propose to do that. But we do propose that as respects the dutiable goods we shall insert in our tariff a clause to the effect that when any foreign country treats the imports from Canada on less favourable terms than the imports from other countries; then in such a case there may be imposed on the goods of such foreign country, a surtax over and above the duties expressed in schedule A of our tariff, which is commonly known as the general tariff, such surtax to be one-third of the duty so expressed in schedule A of the general tariff. This clause the House will observe is general in its terms and may be applied at any time to any foreign country which

treats Canadian products unfavourably. But we propose to apply it immediately to the case of Germany and it will take effect as respects all German goods in all the customs-houses of Canada to-morrow morning—

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE—Subject, however, to this reasonable qualification that it shall not apply to any goods which have been actually purchased by any corporation, firm or person in Canada prior to this moment for immediate transportation to Canada. With that qualification, at every custom-house in Canada to-morrow the surtax will be imposed on German goods. One effect of this I suppose will naturally be to diminish our imports from Germany and to lead our importers to send their orders to countries which are more disposed to buy from us, and I suppose one effect will be to give a further encouragement to the trade with the British West Indies. If that should happen that also would be of some advantage.

There are two or three other tariff matters to which I wish to invite the attention of the House. While we have desired to meddle as little as possible with the tariff schedules, there are a few items which stand in peculiar circumstances. For the past year the manufacture of rails has been carried on to some extent in connection with the great enterprises at Sault Ste. Marie. The government, recognizing that industry as one deserving of encouragement, gave the company a large order for rails, which it was only able in part to fill. We have not been unwilling to view with favour a proposal to extend to this manufacture the same degree of tariff encouragement which is enjoyed by most of our industries. But we have hesitated to do that in this case, because we were not satisfied that the mill at Sault Ste. Marie was in a position to supply either the quantity or the quality of rails required by the Canadian railways. It has seemed to us that the imposition of a duty under such conditions would not serve its purpose. We have decided that while we should not be justified in imposing a duty now, we may reasonably ask the House to agree to a duty, to take effect when there are rail mills, either at Sault

Ste. Marie or elsewhere, in a position to turn out rails of proper quality and in reasonable quantity. We, therefore, ask that power be given to the Governor in Council to impose by Order in Council a duty of \$7 per ton on steel rails, provided, however, that such order shall not be passed until the government are satisfied that there are rail mills in Canada making the best quality of rails, and in a sufficient quantity to meet the reasonable demands of the market. This duty, when imposed, will, of course, be subject to the British preference as usual.

Another industry on whose behalf urgent representations have been made to us, is the lead industry of British Columbia. We find, however, that the duties which the people interested in that industry desired to see imposed would necessitate a readjustment of other duties, involving considerable increases which we are not prepared to entertain. Therefore, so far as tariff changes are concerned, we find ourselves unable to agree to the proposals. Nevertheless, we appreciate the importance of the lead industry and realize the desirability of encouraging it, and we are willing to consider whether the situation may be met by some readjustment of the law respecting bounties on lead. Further than this we are unable to go at present.

Another industry which occupies a peculiar position is that of binder twine. In 1897 we placed binder twine on the free list. It was said by many people that that was the death blow of the binder twine industry. Strange to say, however, there are more binder twine factories in Canada to-day without a duty, than there were with a duty—another instance showing that theories and facts do not always come together.

MR. MACLEAN. We have seen a lot of those theories to-day.

THE MINISTER OF FINANCE. I am looking at my hon. friend. I see the whole World when I look at him.

MR. MACLEAN. It is not a bad looking world either.

THE MINISTER OF FINANCE. Oh, the world looks very pleasant. With a good government and a good tariff, it is not such a bad world. With respect to the binder

twine industry, up to a certain point it seemed to flourish on a free trade basis; but a peculiar position has arisen owing to the legislation of the American government with respect to the Philippine Islands. That government has imposed an export duty of three-eighths of a cent per pound on manilla exported to all countries, with the proviso that where the manilla goes to the United States and is used in manufactures, the manufacturer shall be allowed a rebate equalling the amount of the export duty. This practically amounts to a bounty to the American manufacturer to the extent of that duty. In the case of the binder twine manufacturer in Canada, this works a particular hardship. While he has no advantage whatever in our tariff, his American competitor, besides being aided by this bounty, has free access to our market. This is a condition of affairs which we admit calls for some action; and though we are not dealing with it in the tariff resolutions, the government will introduce, before the session closes, some legislation whereby the binder twine manufacturers of Canada will be compensated for the disadvantage under which they suffer as respects the export duty on manilla imposed by the American government.

There is an item in the tariff which imposes a duty upon foreign-built ships when entered for registration in Canada. We found that some persons evaded the provisions of that law by taking foreign-built ships to Newfoundland, registering them as British ships, and then bringing them as such into Canada. To prevent this evasion, we provided by legislation last session for the imposition of a license fee upon all foreign-built ships engaging in our coasting trade. That Bill did not at once become law, but was reserved for the consideration of the imperial government. It has since been confirmed by His Majesty's government, and is now in force. We did not repeal the duty on ships last session, so that as the matter stands at present we have both the duty and the license fee, which, of course, was not the intention of parliament. We therefore propose to repeal the tariff item which imposes the duty, and leave the matter to be regulated by the license fee.

We have for some time past granted exemption of duty on machinery imported for

the manufacture of beet-root sugar. That exemption expired on the 1st of April. We propose to renew it for another year up to the 1st of July, 1904.

With a view of encouraging alluvial gold mining in the Yukon district, we propose to ask the House to place on the free list until the 30th of June, 1904, machinery and appliances of a kind not made in Canada for exclusive use in alluvial gold mining.

I think I have now stated all the changes to be made in the tariff.

Mr. MACLEAN. Woollens.

THE MINISTER OF FINANCE. There is one other change which is not included in my resolutions, but which will come later. There is a provision in the Customs Act that we may admit free of duty certain articles for the use of manufacturers. I suppose the principle should hold that the greater includes the less; and if we could take the duty off altogether, it would seem to be a sensible inference that we could take off part of it. However, the Act is not so interpreted. If we want to give the manufacturer absolute freedom of duty, we can do it; but if we think that this is too much and want to give him something less it is held that under the present Act we have not power to do it. There are some curious things in connection with the administration of our tariff laws. There are cases in which it is found that the raw materials which have to be imported from a foreign country are charged a higher duty than the manufactured article made from such materials which comes in from Great Britain under the preferential tariff. With the view of meeting such a case, we propose to amend the Customs Act so that we shall not only have the power in such a case to abolish the duty, but to reduce it.

There is another matter, perhaps somewhat outside the line of the budget, but nevertheless of much importance, as to which I desire to make a short statement.

The Dominion has spent a vast sum of money in the construction of canals and in the improvement of our waterway from the great lakes to the ocean, by way of the St. Lawrence river. Some years ago, these canals had but little depth of water. It was deemed wise to enlarge and deepen them, at a very heavy cost to the Canadian

treasury. The canal system is now about complete, and we are looking to it, as well as to our railways, to carry the great volume of traffic which must pass between the western and eastern portions of Canada. Those who are most closely associated with the operation of the waterways are naturally anxious that every possible obstacle may be removed and every reasonable encouragement given for the transportation of our products through these channels to Montreal and other ocean ports. A large deputation of gentlemen interested in the traffic recently waited upon the government and urged that, with a view to giving greater encouragement to the business, canal tolls should be abolished, and the inland waters made as free to ships as the ocean is. The government have given the subject very careful consideration. There is room for some doubt whether the tolls that are charged are large enough to be a serious obstacle to the traffic.

But while these doubts exist, we do not feel that they are such as should prevent us giving the proposal a trial. The revenue involved, though considerable, is not large enough to prove a disturbing factor in these days of prosperous Canadian finances; and we would gladly yield up this item of our receipts if we could feel assured that it would have the great effect anticipated by the gentlemen who comprised the deputation. We desire to reserve our right as to future action, which may depend upon the results of the experiment which we intend to make. Subject to that reservation, I now announce that the government have determined for a period of two years to suspend the charges for tolls and make the entire canal system of Canada absolutely free to all.

This, as I have said, we will try as an experiment. We hope it may be justified, and we reserve our right as to what may be done at the end of the two years. We think that a trial of that kind will be all that those more particularly interested in this matter can ask us to do, and we do it with the desire that our great waterways shall carry the traffic which nature has destined they should carry.

I am sure, Mr. Speaker, that every member of this House and every good citizen of Canada will rejoice over the happy condi-

tions which enable me to make such a gratifying statement of the affairs of the Dominion. We have every reason to view the progress of our country in the past with pleasure. We have even more reason for looking forward with hope and confidence to the great future that is before those whose privilege it is to dwell on this northern half of the American continent. We may differ in many respects, but not in our gratification that prosperity in a large degree has visited our country. Never in any previous period in our history was the future so full of promise. Never before in her history did our country loom so largely in the eyes of the world. We have ourselves long been aware of the magnificent resources of our vast territories, but our efforts to make these resources known and appreciated abroad have sometimes been less successful than could have been wished. But whatever may be said of the past in that respect, we have nothing to complain of now. In the mother country, on the continent of Europe, and even in the republic to the south of us, the story of Canada's advancement, Canada's wealth of resources, and Canada's splendid future is engaging the attention of the people, and many thousands of immigrants of the best class are crowding the steamships and the railway trains in their haste to reach the new country. We have every reason to welcome these people. We are glad to know that they are casting in their lot with us. Let us, to whom, as members of parliament, is given the high privilege of directing the affairs of this Dominion, fail not in anything that is within our power to give assurance to our new citizens that the land to which they have come is one that will reward intelligent and faithful labour with the blessings of peace, happiness and prosperity. I beg to give notice of the following resolutions :

That it is expedient to further amend 'The Customs Tariff, 1897,' to the following effect :—

That the following sections be added to the said Act :—

The Governor in Council may by Order in Council direct that a duty of seven dollars per ton shall be imposed in Schedule A on all iron and steel railway bars, or rails in any form for railways, imported into Canada; and from and after the publication of such Order in the 'Canada Gazette' such duties shall be levied, collected and paid on all such rails; and thereafter item 238 in Schedule A and item 585 in Schedule B shall be repealed.

Provided, however, that such Order shall not be passed until the Governor in Council is satisfied that steel rails of the best quality, suitable for the use of Canadian railways, are being manufactured in Canada, from steel made in Canada, in sufficient quantity to meet the ordinary requirements of the market.

Articles which are the growth, produce or manufacture of any foreign country which treats imports from Canada less favourably than those from other countries may be subject to a surtax over and above the duties of Schedule A, such surtax in every case to be one-third of the duty as fixed by such Schedule A.

Such surtax shall apply to any article, the chief value of which was produced in such foreign country, although it may have been improved or advanced in value by the labour of another country, notwithstanding the provisions of the British preferential tariff and regulations thereunder.

Any question arising as to any foreign country or goods coming under the operation of this section shall be decided by the Minister of Customs, whose decision shall be final.

The Minister of Customs, with the approval of the Governor in Council, may make regulations for carrying out the purposes of this section.

Such surtax shall not apply to any goods actually purchased on or before the 16th day of April, 1903, by any corporation, firm or person in Canada, for immediate transportation to Canada.

That the period of exemption from duty of machinery of every kind and structural iron and steel for use in the construction and equipment of factories for the manufacture of sugar from beet root be extended to the 30th day of June, 1904.

That item 409 in Schedule A, respecting duty on ships and other vessels built in foreign countries and applying for Canadian register, be repealed.

That machinery and appliances of a kind not made in Canada for exclusive use in alluvial gold mining be added to the free list until June 30, 1904.

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, TUESDAY, JUNE 7, 1904



OTTAWA

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BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, TUESDAY, JUNE 7, 1904

WAYS AND MEANS—THE BUDGET.

Hon. W. S. FIELDING (Minister of Finance), moved:

That the House go into committee to consider of the ways and means for raising the supply to be granted to His Majesty.

He said: Mr. Speaker in presenting my eighth budget, I Continued prosperity of Canada. rejoice that I am in a position to congratulate the House upon the continuance, in a very large degree, of that prosperity which Canada has enjoyed for a long time.

Some recent conditions have not been so favourable as some might desire. The severity of the winter, the unusually heavy snowfall in central Canada, the lateness of the opening of navigation on our inland waters—all these things have to some extent operated to disturb our ordinary business conditions; but any disturbance of that kind will of course only be temporary. Far from complaining of the influence of winter, we should recognize the fact that we have compensation in other directions, for the steady cold season lends itself to that great lumbering industry which is so important to Canada. Jack Frost continues to be one of our best friends, and the Canadian winter one of Canada's most valuable assets.

Some recent conditions not favourable.

Canadian winter a valuable asset.

There is some anxiety in the industrial world, among our manufacturers, not because of any conditions which exist in Canada, but rather because of conditions which it is feared do exist,

Effects of a depression in the U.S.

or are likely to exist, in other countries, and particularly in the great republic to the south. There is an opinion in the minds of our manufacturing people that the signs of depression which have already appeared across the border will continue, and that there may be a period of severe depression in that country, the effects of which would cross the border in the shape of an increased and perhaps an illegitimate competition. We are not at liberty to ignore considerations of that kind. In the fixing of our own fiscal policy we are bound to take note of these things. Nor should we fail to point the moral of a depression that prevails in the most highly protected country in the world. There is a tendency in the minds of many who are strong advocates of a high tariff policy to believe that such a policy is the best guarantee of prosperity. Yet we have the remarkable fact to-day that our manufacturers in Canada are chiefly alarmed lest there should be a great depression in the very country where depression ought to be impossible, if high tariffs are a guarantee of prosperity. Indeed; I think it would not be a mistake to say that, as between the two countries to-day, the condition of business is better in Canada with a moderate tariff than it is in the neighbouring republic where they have the highest tariff known throughout the world.

Business conditions of Canada sound.

There is much in the outlook to-day which calls for serious consideration, for careful thought and for careful action, on the part of men both in public and private life. But while there is need for thought and for caution, there is no need for discouragement. The business conditions of Canada generally I believe to be sound, and our crop prospects are all that could be desired. There is no reason why we should not look forward with hope and confidence to a continuance of that great and growing prosperity for which Canada has been so noted during the past few years.

FISCAL YEAR 1902-3.

Financial features of 1902-3.

Our last session of parliament was so protracted that before the close we were able to present to the House the outlines of the condition of the finances of the Dominion for the year which had then recently closed, and since then the public accounts have been laid on the table, so that only a passing allusion is needed to the finances of the year which ended on the 30th June, 1903.

My estimate for the revenue of that year was \$65,000,000. Revenue
 The actual revenue was \$66,037,068.93, an increase of revenue
 beyond my estimate of \$1,037,068.93.

The estimate of the expenditure proved to be a very close Expenditure
 one. The estimate was \$51,650,000. The actual expenditure of
 the year was \$51,691,902.76, being an increase of expenditure
 over the amount which I ventured to speak of in my anticipa-
 tions in the last budget to the extent of \$41,902.76.

I estimated that we would probably have on the operations
 of the year a surplus of \$13,350,000. The out-turn of the year Surplus
 gave us a surplus of \$14,345,166.17. The surplus thus was
 nearly \$1,000,000 more than the sum at which I placed it in the
 last budget speech. That surplus was the largest in the history
 of Canada.

The revenue increased over 1902 by \$7,986,287.90, while Increased
 the expenditure increased by \$932,510.79. Too often it hap-
 pens in relation to the affairs of government and of public bodies revenues over
 charged with the administration of affairs that where you are 1902 \$7,986,287.90,
 blessed with an increase of revenue you also have a correspond- increased
 ing increase of expenditure, but we are happily able to point out expenditure
 that this is not the experience of this government in recent years, \$932,510.79.
 for in the figures which I have presented to you I have shown
 you that while in the year 1903 we increased our revenue by
 nearly \$8,000,000, we only increased our expenditure on con-
 solidated fund account by \$932,510.79:

FISCAL YEAR ENDED 30TH JUNE, 1903.

—	Actual.	Estimate.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Revenue	66,037,668 93	65,000,000 00	1,037,068 93
Expenditure	51,692,902 76	51,650,000 00	41,902 76
Surplus.....	14,345,166 17	13,350,000 00	995,166 17
Revenue underestimated by.....			\$ 1,037,068 93
Expenditure underestimated by.....			\$ 41,902 76
Surplus.....			\$14,345,166 17
Surplus estimated in Budget Speech, 1903.....			\$13,350,000 00
Results better than estimate by.....			\$ 995,166 17

Increase in
all the main
items of
revenue.

I have a statement of the principal sources of revenue during the year from which it will be seen that there was a comfortable increase all along the line. It reads as follows:—

DETAILS OF REVENUE 1903.

Service.	1901-2.	1902-3.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Customs.....	32,191,978 47	37,001,726 90	4,809,748 43
Excise	11,197,133 40	12,013,779 00	816,645 60
Post Office.....	3,918,415 55	4,397,832 51	479,416 96
Railways.....	5,918,997 60	6,584,797 93	665,800 33
Dominion Lands.....	1,227,976 75	1,695,591 63	467,614 88
Miscellaneous.....	3,596,288 26	4,343,340 96	747,052 70
Total.....	58,050,790 03	66,037,068 93	7,986,278 90

The increase in the revenue of 1903 over 1902 is at the rate of $13\frac{3}{4}$ per cent.

POST OFFICE REVENUE AND EXPENDITURE.

Post Office
returns
gratifying.

I have called attention to the different branches of the service in which the revenue has increased, and while it is gratifying to have such returns from all the departments, I should refer to one particularly, because I think it is one in which the minister at the head of the department is deserving of the highest praise. I refer to my hon. friend the Postmaster General (Sir Wm. Mulock). For many years the affairs of the Post Office Department were carried on with a large deficit. It seemed to be taken for granted that we could not conduct the affairs of that department without such a deficit.

It will be well remembered that the late Minister of Finance and other members of the late government also took the view that it was impossible to grant any reduction in postal rates in Canada, because of the very large drain that there would be on the treasury in connection with that branch of the public service. When my hon. friend the Postmaster General came into power, he seemed to take a different view. He seemed to have faith in the idea that it was possible to have increased revenues and at the same time to afford increased accommodation to the public. We know of the very important step which he took when he adopted a measure which gave us the blessing—the word is not too strong—of penny postage throughout Canada. I think it was Sir Charles Tupper who estimated that in adopting that system the

Reduction of
postal rates
formerly
deemed
impossible.

Postal rates
reduced.

Postmaster General was flinging away revenue to the amount of a million dollars. That is only another form of saying that you reduce the taxes on the people to the extent of a million dollars. We know, Sir, that the reduction was brought about, that there was a reduction of one-third in the rate of our common postage, and there was a reduction of a material character in the postage to Great Britain. Notwithstanding all that, we find that at a time when we might reasonably have looked for a deficit, at a time when, if my hon. friend the Postmaster General had come before parliament and admitted that he had a deficit of a large amount he would still have had a splendid record in comparison with the record of his predecessors, we have a different condition from that, and my hon. friend the Postmaster General is in a position to point out that while granting these reductions, he is able to have a larger revenue than ever before, and not only a larger revenue but to wipe out the deficits and to convert them into surpluses.

Deficits converted into surpluses.

The post office deficit in 1896, as stated in the public accounts, was \$700,997. There was an inquiry afterwards by a commissioner which resulted in some re-adjustment of the accounts, and I think that in the post office accounts, the figures differed a little from the figures in the accounts of the Finance Department, but figuring one year with another, the statement will be found correct, and so I take the figures which are found in the accounts in the Finance Department. In 1896, as I have said, there was a deficit of \$700,997. There were also accumulations of deficits not provided for which had to be dealt with by a special vote, and which are not referred to here. In 1897, the deficit was reduced from \$700,997 to \$586,539.

Deficit, 1896.
\$700,997

Mr. SPROULE. That was by a special vote ?

Mr. FIELDING. The special vote simply dealt with these accumulations.

Mr. SPROULE. That special vote provided for that deficit.

Mr. FIELDING. No, my hon. friend (Mr. Sproule) is wrong; the special vote simply wiped out old deficits which had accumulated in previous years. The accounts of the Post Office Department showed from year to year certain deficits, and these are the figures that I have quoted ; but over and above these there were found these accumulations of ar-

rearages, debts due by the post office which had not been dealt with, and my hon. friend the Postmaster General took a special vote to wipe these out and start afresh.

Mr. SPROULE. That is what I say.

Mr. FIELDING. That special vote was for the payment of past deficits and it had nothing whatever to do with the later deficit to which I refer.

Mr. SPROULE. That special vote provided for the deficit up to that date.

Mr. FIELDING. It was not the deficit that I am speaking of, but the deficits prior to 1896, the deficits that my hon. friend the Postmaster General had nothing to do with except to provide for them and wipe them out.

Mr. SPROULE. I say that is what he did.

Mr. FIELDING. The following statement will show the operations of the Post Office Department for several years :

POST OFFICE.

Year.	Revenue.	Expenditure.	Deficit.	Surplus.
	\$	\$	\$	\$
1896	2,964,014	3,665,011	700,997	
1897	3,202,938	3,789,478	586,539	
1898	3,527,809	3,575,411	47,602	
1899	3,193,777	3,603,799	410,021	
1900	3,205,535	3,758,014	552,479	
1901	3,441,504	3,931,446	489,941	
1902	3,918,415	4,023,636	105,221	
1903	4,397,832	4,105,178	.....	292,654

Deficit of
\$410,021 in 1899
when reduction
of postage
took place.

In 1899 there was a deficit of \$410,021 ; that was the year when the reduction of postage took place.

As my hon. friend the Postmaster General has pointed out, if you compare service with service and omit the items for the Yukon and Atlin districts, there was in the year 1902 an actual surplus ; but I am taking the figures as they appear in the public accounts, and the total expenditure, including the Atlin and Yukon, showed a deficit in 1902 of \$105,221. In 1903, not taking into account service for service ; making no comparisons as respects the degree or service rendered at one time or another —though we know that these comparisons show very favourably to the present Postmaster General—but simply taking the re-

sults as we find them in the public accounts ; in the year 1903, instead of having a deficit of \$700,000, as we had in 1896 with the three cent rate ; in 1903 we have a two cent rate (involving as Sir Charles Tupper said a gift of \$1,000,000 to the people) and besides that we have a clear surplus in the Post Office Department of \$292,000.

*Clear surplus
in Post Office
Department of
\$292,654.*

It will be found convenient for comparison to have a statement side by side for the two years as to all classes of expenditure, and therefore I present the following statement :

GROSS EXPENDITURE OF 1902-3 COMPARED WITH 1901-2.

Service.	1901-2.	1902-3.	Increase.	Decrease.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Consolidated fund.....	50,759,391 97	51,691,902 76	932,510 79	
<i>Capital.</i>				
Railways	5,102,838 99	3,033,680 86		2,019,158 13
Canals.....	2,114,689 88	1,823,273 61		291,416 27
Public Works.....	2,190,125 09	1,268,004 51		922,120 58
Dominion Lands.....	370,837 97	449,542 20	78,704 23	
Militia.....	299,697 43	428,223 40	128,525 97	
Canadian Pacific Railway ...	448 70			448 70
Total, capital.....	10,078,638 06	7,052,724 58		3,025,913 48
<i>Special.</i>				
Railway subsidies.....	2,093,939 00	1,463,222 34		630,716 66
South African contingents and Halifax garrison.....	247,741 45	130,469 53		117,271 92
Bounties on iron, steel, lead, &c.	791,089 38	1,408,252 60	617,163 22	
Total, special	3,132,769 83	3,001,914 47		130,825 36
Total, capital and special...	13,211,407 89	10,054,669 05		3,156,738 84
Total expenditure of all kinds	63,970,799 86	61,746,571 81		2,224,228 05

In the year 1902 our expenditures of all kinds amounted to \$63,970,799, and in the year 1903 our expenditures of all kinds were \$61,746,571. The House may be surprised to learn that at a time when we might naturally look for an increase of expenditure, the gross expenditure of all kinds for the year 1903 was less by \$2,224,228, than it was in the preceding year.

*Expenditure
of all kinds
reduced in 1903
by \$2,224,228.*

FISCAL YEAR 1903-4.

Estimate of
outcome of
1903-4.

Method of
dealing with
Dominion Lands
revenue and
expenditure.

Revenue
continues
buoyant.

With regard to the fiscal year which will end on the 30th of June next, the year has so far advanced now that we are in a position to make a fairly close estimate as to what the actual outcome will be.

Mr. R. L. BORDEN. May I ask whether the statement is correct that you credit the income from Dominion lands to revenue and charge the expenditure to capital?

Mr. FIELDING. There is no change in the method of dealing with that item. I am not sure but perhaps there is some room to debate as to whether those two items are dealt with properly, but however that may be, they have never materially altered the situation and no change whatever has been made by us in the method of dealing with them.

Mr. R. L. BORDEN. That is the fact.

Mr. FIELDING. Well, certain portions of the expenditure in connection with Dominion lands arising out of the opening up of the North-west and the development of the country are charged to capital account. The practice has been continued, although the receipts from the Dominion lands go into the general fund. There is possibly room for fair criticism as to the method employed in former years and at the present time in respect to that account, but it does not materially alter the general result which I am presenting.

I am glad to find that the revenue for the current year, of which the greater part has now expired, has continued very buoyant. The following table will show the revenue for the eleven months of this current year as compared with the eleven months of last year.

STATEMENT OF REVENUE TO MAY 31, 1904, COMPARED WITH REVENUE TO SAME DATE, 1903.

	1902-3.	1903-4.	Increase.	Decrease.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Customs.....	33,062,156 75	36,807,063 74	3,744,906 99	
Excise	10,945,061 82	11,915,964 77	970,902 95	
Post Office.....	3,833,269 28	4,167,398 20	334,128 92	
Railways.....	6,009,990 67	6,030,787 26	26,796 59	
Miscellaneous.....	3,874,904 88	3,796,903 42		78,001 46
Total.....	57,725,383 40	62,718,117 39	5,070,735 45	78,001 46
			78,001 46	
Net increase.....			4,992,733 99	

It will be noticed that there has been a gratifying increase in customs, excise, and post office; while there is a small decrease in miscellaneous revenues. There is on the whole a net increase of \$4,992,733.99 in the general revenues up to date.

There is a small increase of something over \$20,000 from railways, but I am afraid when the time comes to present the statement of expenditure, it will be found that the showing is not so favourable, because the severity of the winter made all railway operation expensive, and in connection with the Intercolonial Railway there has been a very large increase of pay to the working men all over the line which will of course affect the statement for the current year. While the railway revenue shows some increase there will not be as gratifying a statement as we might desire on operations of the year.

Our total revenue up to the 31st of May is as follows :

REVENUE.			
Total revenue received to 31st May, 1904...	\$62,718,117 39		
Estimate for balance of year	8,311,685 53	Estimated revenue	
	<hr/>		\$71,029,802 92
Or say, in round numbers...	<hr/>		\$71,000,000.

In reaching this estimate of \$71,000,000, I am taking the receipts to date and for the balance of the year I am not allowing for any increase. There has been perhaps some little check in business owing to the causes I have mentioned, and I am not going to assume that for the balance of the year we will have an increase of revenue, although I am hopeful we may. I am assuming we will hold our own and therefore on the basis of the receipts to May 31, and the continuance of the revenue for the remainder of the year to correspond with that for the same period of last year, I estimate that we shall have a revenue of \$71,000,000.

The total expenditure chargeable to consolidated fund to May, 31, 1904, was \$41,623,560.67. My estimate for the balance of the year is that in closing up the accounts we shall probably expend about as much as we did a year ago, namely \$12,731,931.12. This will bring the total expenditure chargeable to consolidated fund to \$54,355,491.79.; or say in round numbers \$54,500,000.

I anticipate, then, that for the current year we shall have a revenue of \$71,000,000 and an expenditure chargeable to con-

Increase in
the main
heads of
revenue.

Railway
revenue in-
creased, the ex-
penditure not
so favourable.

Estimated
revenue
\$71,000,000.

Estimated
expenditure
\$54,500.000.

Estimated
surplus
\$16,500.000.

solidated fund, of \$54,500,000, leaving us the magnificent surplus of \$16,500,000.

Estimated capital expenditure
\$11,500,000.

Estimated reduction of debt \$7,500,000.

Deficit of 1897
\$519,981.44. The last deficit.

On capital account I estimate that we shall spend during the current year \$11,500,000. If then, we take into account the expenditure on consolidated fund, the expenditure on capital account, the surplus, the sums which we shall set aside as sinking funds, and which merely pass from one hand to the other and go to swell our assets, the result will be, I anticipate, that at the close of the current year we shall have reduced the net debt of Canada to the extent of \$7,500,000.

SURPLUSES.

It has been my happy privilege to present from time to time statements of prosperous years in which we have had many surpluses ; and I have thought that it would be well to summarize the surplus account during the eight years that this government has administered the public affairs of the country. In the year 1896-7, the first year that this government was in power—a year during which we had not full control of affairs, because we had taken largely the estimates of our predecessors—there was a deficit of \$519,981.44. That was the last deficit, the end of deficits so far as we had anything to do with them. We find, then, the statement for the eight years to be as follows :

SURPLUSES FOR THE EIGHT YEARS, 1896-7 TO 1903-4.

	Surplus.	Deficit.
	\$ cts.	\$ cts.
1896-7.....	519,981 44	
1897-8.....	1,722,712 33	
1898-9.....	4,837,749 00	
1899-1900.....	8,054,714 51	
1900-1.....	5,648,333 29	
1901-2.....	7,291,398 06	
1902-3.....	14,345,166 17	
1903-4 (estimated).....	16,500,000 00	
Total for eight years.....	58,400,073 36	
Less deficit for 1896-7.....	519,981 44	519,981 44
Total net surplus for eight years.....	57,880,091 92	
Average surplus per year	7,235,011 49	

It was the good fortune of our predecessors in the eighteen years during which they managed the affairs of the country to have some surpluses and some deficits. Taking them together and striking the average, we find that during the eighteen years of their administration they had an average surplus of \$544,539, while during our eight years we have had an average surplus of \$7,235,011.42.

Average surplus from 1897 to 1904
\$7,235,011.

Average surplus plus previous 18 years
\$544,539.

THE PUBLIC DEBT.

The question of the public debt is always an important one. In a young country like Canada, a comparatively new and young country, it would not be surprising if we had to show large increases of the public debt. I have on several occasions, in referring to decreases which we have been able to show, pointed out that no finance minister in a country like Canada need be ashamed if he has to come before parliament and acknowledge that he is increasing the public debt. That ought to be the normal condition in a young country like ours, with vast resources to develop, with improvements all around us waiting to be done, and with courageous men ready to do them; but happily we are relieved from any such necessity. The following shows the net debt of the Dominion, beginning with the year 1896, and continuing down to the present date :

STATEMENT OF NET DEBT.

—	Net Debt.	Increase.	Decrease.
June 30	\$ cts.	\$ cts.	\$ cts.
1896.....	258,497,432 77		
1897.....	261,538,596 46	3,041,163 69	
1898.....	263,956,398 91	2,417,802 45	
1899.....	266,273,446 60	2,317,047 69	
1900.....	265,493,806 89		779,639 71
1901.....	268,480,003 69	2,986,196 80	
1902.....	271,829,089 62	3,349,085 93	
1903.....	264,912,439 11		6,916,650 51
1904 (Est.).....	257,412,439 11		7,500,000 00
		14,111,296 56	15,196,290 22
			14,111,296 56
Reduction in eight years.....			1,084,993 66
Average reduction per year.....			135,624 20

Thus we shall have this happy statement to present to the public, that we have carried on the public affairs of this Dominion for a period of eight years, during which we have engaged

Canada's debt not increased in eight years.

in large ventures and great improvements ; we have spent money liberally, our hon. friends opposite sometimes say lavishly ; we have generously provided for all demands for the public improvement of the country ; and we shall be able at the close of the eight years to say that we have not added one dollar to the debt of Canada. On the contrary, from these figures we shall probably be able to show that there has been a reduction in the net debt during the eight years of \$1,084,993.66, or an average yearly reduction in our eight years of \$135,624.20, against an average yearly increase in the net debt in the preceding eighteen years of \$6,563,075.

Average yearly reduction for eight years
\$135,624.

Statement relating to net debt confined to actual operations of the year.

Relation of adjustment of accounts of Ontario and Quebec to public debt.

The matter arises out of the Act of 1884 crediting certain sums to the provinces.

THE ADJUSTMENT OF ACCOUNTS WITH ONTARIO AND QUEBEC AND ITS RELATION TO THE NET DEBT.

In these statements respecting the public debt, I am confining myself entirely to the actual operations of the government, and the affairs with which we have had ourselves to do—those for which we are responsible and for which we may take credit if credit there be, or blame if the reverse be the case. There is however an item in relation to the public debt which I have ignored here. It will be remembered that an early stage of the session a question arose as to the relation of the adjustment of the accounts of the provinces with the Dominion to the public debt, and I asked the House to suspend judgment on that point because I had formed the impression that the method of treating that account in its relation to the public debt was not correct. After fuller inquiry, I am satisfied that an erroneous view was taken as to the effect of that settlement on the public debt. I do not wish to enter fully into that matter to-day. Later, however, I shall bring down a memorandum from the officers of my department showing the position of the accounts.

The question however arises, I may say, out of the appropriations made in 1884 by the parliament of Canada as allowances to the various provinces. Certain sums were set apart to the credit of each province, and while, as respects most of the provinces, these sums were immediately carried into the debt of the Dominion, in the cases of Ontario and Quebec they were dealt with in another form, they were not entered up as part of the debt but treated in another way to produce the same result, but I think it would have been more correct, as a matter of book-keeping, to have dealt with them as we did in the case of the other provinces.

There has been from time to time discussion as to whether these sums constituted a capital sum belonging to each of these provinces, or whether they simply created an annuity. I have always considered that these sums were capital placed to the credit of the provinces of Ontario and Quebec, properly chargeable to the Dominion, and so long as they remain in the hands of the Dominion of course they yield revenue to these provinces.

It appears however that in the making up of the recent state-
ment of affairs as between the Dominion and these provinces of
Ontario and Quebec, the idea that these sums created an annuity
ran into the minds of the officials. While they took into account the annuity or annual interest, they ignored the principal sum. I am satisfied now that in a proper statement of the accounts, the best way would be to charge up that sum against the debt of the Dominion and credit whatever there is on the other side. However, I do not propose to dwell on that feature, but simply call attention to the erroneous view taken by the officials of the Finance Department, for which of course I am responsible, and by the Auditor General, when these accounts were prepared.

Mr. R. L. BORDEN. Is this the matter which was discussed somewhat earlier in the session, about two months ago, and is the statement to which the hon. gentleman refers the one he then promised to bring down?

Mr. FIELDING. My deputy was absent in England and I stated that on his return I would have him investigate the matter and prepare a memorandum. He is doing so, and I will submit it to the House, though not perhaps in connection with the Budget, but I refer to it to show why I claim credit for less diminution in the public debt last year than the public accounts show. In that respect the public accounts were in error, but the matter will be made right in the accounts of the present year.

Mr. R. L. BORDEN. Perhaps the hon. gentleman will see that it is brought down as soon as convenient. Two months have elapsed since the promise was made.

Mr. FIELDING. I have stated the substance more fully than I intended when I began. I am giving an explanation now

almost as full as the one my deputy will be able to give in any memorandum he can make.

Mr. BELL. The matter, as it has been treated, would seem to decrease the public debt. As it is to be treated, will it have the effect of increasing the public debt?

A sum of
about \$3,000,000
due by the
Provinces of
Ontario and
Quebec.

The statement
does not
touch the
adjustment of
the old
accounts.

Mr. FIELDING. A certain sum, about \$3,000,000, was found by the adjustment of accounts to be payable by the provinces to the Dominion and was placed to the credit of the Dominion. The other item should have appeared on the other side of the accounts, but assuming it was an annuity, it was not treated as a principal sum. It will not materially disturb the figures I have given.

I am confining my remarks to-day entirely to the operations of this government without reference to that item, which is a book-keeping entry relating to affairs in bygone years. In the statements submitted we have drawn the line clearly between the reduction of debt brought about by our own operations and that which was assumed to be brought about through the operation of these accounts, so that the public accounts, while not strictly correct in the matter, are correct in this respect, that we have drawn the line distinctly between the operations of this government and what is the result of a mere book-keeping entry. Whatever the result may be, it will have to be carried into the public accounts of the present year. The statement I have made deals with the income and expenditure of the government for the whole period of eight years and the result will be as I have said.

THE NET INTEREST PAID ON THE PUBLIC DEBT.

Net interest
payment
\$9,047,186 in
1903 against
\$9,132,429 in
1896.

It will be interesting to have a statement showing how our interest account stands in view of this change in relation to the public debt. The manner of computing the net interest on the public debt is by taking the gross interest we pay and then deducting the receipts from our sinking fund and other investments. In 1896 the gross interest on our debt amounted to \$10,502,429.90. Deducting from this the interest on sinking funds and other investments, amounting to \$1,370,000.56, the net amount of interest was \$9,134,429.34. Following the figures down we find the following result:

	Interest paid on Debt.	Interest on Sinking Funds and other Investments	Net amount of Interest.
1897.....	10,645,663 27	1,443,003 84	9,202,659 43
1898.....	10,516,757 90	1,513,654 58	9,003,103 32
1899.....	10,855,111 84	1,590,447 91	9,264,663 93
1900.....	10,690,645 20	1,683,050 51	9,016,594 69
1901.....	10,807,954 65	1,784,833 79	9,023,120 86
1902.....	10,975,935 15	1,892,224 09	9,083,711 06
1903.....	11,068,139 17	2,020,953 04	9,047,186 13

So that our net interest account for the year 1903 was \$9,047,186.13 against \$9,132,429.34 in 1896.

THE NET DEBT PER CAPITA.

Equally agreeable is a statement of the net debt per head.

Any statement of the general debt fails perhaps to convey increased population reduces the debt burden. a very adequate meaning to the mind unless we see what relation it bears to the ability of the country to pay it. As the country increases in population, we might have a considerable increase in debt without any increase in the burden, because the rate per head would not be advanced. The statement I am about to present differs a little from one of the same character which I presented on a former occasion, because the dates chosen are not the same. I thought it well to have a statement showing the population on the same date as the debt is fixed, that is the 30th of June in each case. The census date was April. Take census figures for April and apply them to the debt of June 30 and you will lack some of the accuracy which is desirable. I have therefore had the statement of population made up in the Census Department as on the 30th of June of each year and of course the debt statement is to the 30th of June each year. The result is this, beginning with the year 1891:

NET DEBT PER CAPITA.

	Population.	Net debt.	Per capita.
		\$	\$ cts.
June 30, 1891.....	4,845,323	237,809,030	49 08
" 1892	4,896,739	241,131,434	49 24
" 1893	4,948,701	241,681,039	48 84
" 1894	5,001,214	246,183,029	49 22
" 1895	5,054,285	253,074,927	50 07
" 1896	5,107,918	258,497,432	50 11
" 1897	5,162,121	261,538,596	50 66
" 1898	5,216,899	263,956,398	50 60
" 1899	5,272,258	266,273,446	50 50
" 1900	5,328,205	265,493,806	49 83
" 1901	5,384,745	268,480,003	49 86
" 1902	5,441,885	271,829,089	49 95
" 1903	5,499,632	264,912,439	48 16
" 1904	*5,557,991	*257,412,439	46 31

*Estimated.

Debt per head 1904
\$46.31, against
\$50.61 in 1896.

We are so near the end of the year 1904, that we can make the estimate closely, and we anticipate that on June 30, 1904, the net debt of Canada will stand at \$46.31 as stated in the above table, as against \$50.61 on the 30th June, 1896.

My hon. friend the Minister of Customs (Mr. Paterson) thinks that I have hardly been liberal enough in estimating the population of Canada to-day ; I have taken the figures as they have been furnished by the Census Department, thinking that was the best way.

LOANS MATURED AND TREASURY BILLS OUTSTANDING.

Interest on
debt includes
interest of
all kinds.

During the past year we have had some loan operations, the nature of which should be stated to the House although they have been in part already communicated to the House.

Mr. R. L. BORDEN. I would like to ask my hon. friend whether in his statement of interest on the public debt he takes into consideration temporary arrangements of overdue loans.

Mr. FIELDING. The interest on debt includes actual payments of all kinds for interest and of course that would include temporary loans.

On the 1st October, 1903, two of our sterling loans matured in London :

£2,000,000
matured loans
paid off in
cash.

- | | |
|--|------------|
| 1. The Intercolonial guaranteed 4 per cent loan.. | £1,500,000 |
| 2. The 5 per cent Intercolonial unguaranteed loan. | 500,000 |
| <hr/> | |
| | £2,000,000 |

The holders of these loans were paid in cash.

On the 1st November, 1903, the 4 per cent currency loan of Half of 4 p.c. currency loan 1883, which amounted to \$2,781,000 on the 30th June, 1903, extended at $\frac{3}{4}$ p.c. Half of fell due in Canada. To the holders of this the government offered it redeemed. an extension for ten years at the rate of $3\frac{1}{2}$ per cent. Advantage of this offer was taken by about one-half of the holdings—\$1,401,600—the balance being paid in cash.

On the 1st April, 1904, the 4 per cent Rupert's Land guaranteed loan of £300,000 fell due, and on the 1st May, 1904, the 4 per cent loan of 1874, of £4,000,000, matured.

The holders of the Rupert's Land loan were paid off in cash. £300,000 Rupert's Land loan In the case of the 4 per cent loan of 1874, a portion of it, paid off. £2,500,000, was extended for three years at the same rate of £2,500,000 of 4 p.c. loan of 1874 extended for three years. interest, with the option to the holders at any time prior to 30th April, 1906, to convert their holdings into 3 per cent stock due 1st July, 1938, on a basis of £105 of the 3 per cents for each £100 of the 4 per cents. This would be the equivalent of a 3 per cent loan at about £95 4s. 9d.

While our buoyant revenues have enabled us to meet these Revenues provided for part liabilities to a very large extent we have not been able to meet only of these them entirely. maturities.

At the present time we have outstanding treasury bills to the extent of £1,000,000 and that is the only temporary indebtedness we have. The treasury bills now outstanding were negotiated as follows :

	Per cent.	
£400,000 due 6th October, 1904, at	3 $\frac{3}{4}$	
£145,000 due 6th October, 1904, at	3 $\frac{1}{4}$	Treasury Bills
£400,000 due 7th November, 1904, at	3	outstanding.
£ 55,000 due 7th November, 1904, at	2 $\frac{1}{2}$	

STATISTICS OF CANADA'S PROGRESS.

In the figures which I have given to the House, Sir, we have evidence of the general strength of the financial position of the Dominion, which I am sure will be equally gratifying to hon. members on both sides of the House. I shall submit to the House, as I have done on a previous occasion, diagrams showing the growth of Canada's affairs from the year 1867 down to the present date. The eye sometimes receives these things more readily than the ear, and these diagrams I trust will be found useful. I shall not enter into detail in regard to them, but I

shall state some of the principal evidences of our progress for periods of ten years.

TOTAL TRADE.

1873	\$ 217,801,203
1883..	230,339,8 ⁶ 6
1893..	247,638,620
1903..	467,034,685

TOTAL IMPORTS.

1873..	\$ 123,011,281
1883..	132,254,922
1893..	129,074,268
1903..	241,214,961

TOTAL EXPORTS.

1873..	\$ 89,789,922
1883..	98,085,804
1893..	118,561,3 ² 2
1903..	225,849,724

RAILWAY TRAFFIC—TONS CARRIED.

1883..	\$ 13,266,255
1893..	22,003,599
1903..	47,373,417

DEPOSITS IN THE POST OFFICE AND GOVERNMENT SAVINGS BANKS
(30th June).

1873..	\$ 6,121,490
1883..	26,219,107
1893..	41,849,656
1903..	60,771,129
30th April, 1904..	60,445,322

DEPOSITS BY THE PEOPLE IN CHARTERED BANKS IN CANADA
(30th June).

1873..	\$ 57,509,8 ³ 3
1883..	98,308,436
1893..	170,817,433
1903..	378,937,458
30th April, 1904..	405,157,450

DISCOUNTS (30th June).

1873..	\$ 124,519,008
1883..	178,728,321
1893..	225,930,793
1903..	406,184,733
30th April, 1904..	447,970,492

These figures, which will be found in very much more detail in the diagrams which will be distributed, give very gratifying evidence of the great increase in trade and wealth which has taken place in Canada and of which hon. members on both sides of the House are, I am sure, equally proud.

PROSPERITY OF THE NORTHWEST.

While the condition of the country generally has been good, we have reason to be particularly grateful for the splendid prosperity which has come to the great Northwest. All portions of our Dominion have equal demands upon us, and all portions are, I trust, receiving from the government and parliament their fair share of consideration ; but all portions have not equal inducements to offer to the immigrants who are seeking for homes. The vast territories of the Northwest offer inducements to the land hungry such as the eastern provinces cannot be expected to hold out, and naturally the efforts of my hon. friend the Minister of the Interior (Mr. Sifton) and the officers of his department are chiefly turned to the important duty of filling up the vacant lands of the Northwest. I wonder if we are able to appreciate the vast extent of land still available in these Territories. Canada is a country of such magnificent distances that sometimes it is difficult for us to understand and appreciate the vastness of that territory.

Dr. Wm. Saunders, of the Experimental Farm, in an admirable article in the April number of the ' Canadian Magazine,' has discussed the question of wheat-growing in Canada, and he has given some estimate of the available land in the Northwest Territories for that branch of farming. The figures that he gives are as follows :

	Acres.
Manitoba..	27,000,000
Assiniboina..	50,000,000
Saskatchewan..	52,000,000
Alberta..	42,000,000
Total	$171,000,000$

It is thus estimated, says Dr. Saunders—

—that there are within the limits referred to, after making allowance for lands unfit for agriculture, about 171,000,000 acres suitable for cultivation, by which is meant land of such degree of fertility as to admit of profitable farming.

Further on Dr. Saunders deals with the question of the ability of Canada to supply food for the mother country, and the statement he makes on that question—perhaps hon. gentlemen have had their attention already drawn to it—is well worthy of being repeated. It is headed in the publication I have mentioned, 'A Reasonable Prophecy' :

Dr. Saunders estimates one-fourth of suitable land in Manitoba and the three provisional territories could supply sufficient wheat to meet

the home
demand and the
requirements of
Great Britain
three times
over.

The total imports of wheat and flour into Great Britain in 1902 were equivalent in all to about 200,000,000 bushels of wheat. Were one-fourth of the land said to be suitable for cultivation in Manitoba and the three provisional territories under crop with wheat annually, and the average production equal to that of Manitoba for the past ten years, the total crop would be over 812,000,000 bushels. This would be ample to supply the home demand for 30,000,000 of inhabitants (supposing the population of Canada should by that time reach that figure) and meet the present requirements of Great Britain three times over. This estimate deals only with a portion of the west, and it leaves the large eastern provinces out of consideration altogether. From this it would seem to be quite possible that Canada may be in a position within comparatively few years, after supplying all home demands, to furnish Great Britain with all the wheat and flour she requires and leave a surplus for export to other countries. With a rural population on the western plains in 1902 of about 400,000, over 67,000,000 bushels of wheat were produced. Add to this the wheat grown in Ontario and the other eastern provinces and we already have a total of over 93,000,000 bushels. These figures are full of promise for the future of Canada as a great wheat-producing country.

The Dominion
is reaping a
rich harvest of
immigration.

It is natural to conclude that, with such a territory to offer to the people, all that is necessary is that its resources and character be made known, when it must attract people from all parts of the world. For a long time the hopes of the Canadian people with regard to the Northwest were hardly realized, although they had spent vast sums in opening up that territory, and every effort was made no doubt to bring people in. But for one cause or another, whatever it may have been, the rate of progress for some years was slow and unsatisfactory. But in recent years we have nothing to complain of on that score ; there has been a very gratifying increase in the influx of immigrants to that territory. My hon. friend the Minister of the Interior has spent money freely in advertising Canada, and the time has come when the Dominion is reaping a rich harvest, and when all will admit that the money he has expended for that purpose and which, at one moment, some were disposed to look upon with doubt, is now bearing rich fruit for the building up of this Dominion. I find that the arrivals of immigrants into Canada during the past eight years appear as follows :

Years.	Number.
1896 (calendar)	16,835
1897 " " " " "	21,914
1898 " " " " "	31,900
1899 " " " " "	44,543
1900 (1st 6 months)	23,895
1901 (fiscal)	49,149
1902 " " " " "	67,379
1903 " " " " "	128,364
1903 (calendar)	134,370

The origin of these immigrants for the calendar year 1903 appears as follows :

British	50,141
Continental Europe	48,046
United States	46,133

We are glad to know that the immigration work continues actively during the present year, and no doubt at the end of the season a very gratifying story can be told.

Glance now for a moment at the extent to which homestead entries are being taken up :

CALENDAR YEAR.

1896..	1,857
1897..	2,107
1898..	4,848
1899..	6,899
1900..	7,850
1901..	9,108
1902..	22,215
1903..	32,682

As an evidence of the growth of that country, look now at the sales of land by railway companies who have had land grants, and by the Hudson's Bay Company :

Year.	Acres.	Amount.
1896.....	108,016	\$361,338
1903 (fiscal)	1,229,011	14,651,757

THE GERMAN SURTAX.

Last year, Mr. Speaker, we introduced, in connection with our tariff legislation, an important change, which we believed was rendered necessary for the defence of Canadian interests. We thought that one of the great nations of the world had not treated us as fairly as we ought to be treated, and in self defence we adopted what was called the German surtax. I have nothing now to add on that subject, except to call the attention of the House to the effect that that surtax has had upon trade between the two countries.

Surtax has diminished the imports from Germany.

Prior to the adoption of the surtax the imports from Germany to Canada were increasing; under the operation of the surtax, not only has the increase been arrested, but there has been a very considerable diminution. For the ten months from the 1st of July, 1902, to the end of April, 1903, the total dutiable imports for consumption from Germany amounted to \$8,648,600, while for the corresponding ten months of the current fiscal year they only amounted to \$5,367,162—a falling off of \$3,281,438, or a decline of 38 per cent.

174,000,000 lbs. raw sugar imported in 1903. Not a pound imported since the surtax was applied.

Trade diverted to British West Indies.

Imports of woollens, cottons, silk goods and articles of iron and steel affected by the surtax.

To illustrate in a concrete way the result of the surtax, the importations of raw sugar might properly be referred to. During the last fiscal year 174,000,000 pounds of this commodity were imported from Germany, but since the surtax was applied not a pound has been imported under it from Germany.

All that trade has been diverted to the British West Indies, including British Guiana. The importations of raw sugar from the British West Indies, including British Guiana, for the ten months ending with April of the current fiscal year, amounted to 188,000,000 pounds. For the corresponding period of the previous year the imports from the British West Indies amounted to 46,515,355 pounds; estimated from British Guiana 23,000,000 pounds—in all, 69,000,000, as compared with 188,000,000 pounds for the same period of the current fiscal year.

Statistics show that the surtax has resulted also in reducing the importations of woollens, cottons and silk goods, and articles of iron and steel. There is nothing new to be said on that question. We regret that we felt obliged to take that step, and we think that on the whole it has operated to the advantage of Canada, and it has certainly commanded the attention of the wide world. I think that the almost universal opinion has been that the action of the government of Canada was fully justified.

THE TARIFF A GOOD REVENUE TARIFF WITH INCIDENTAL PROTECTION.

Present tariff on the whole satisfactory.

It is now seven years since we had a revision of the tariff. Some changes have been made, but nothing very material. That tariff, I venture to say, has on the whole proved most satisfactory. It has proved a good revenue tariff, as we are bound to conclude from the figures I have given to the House. It has included a considerable measure of incidental protection, and in

that respect it will command the admiration perhaps of some hon. gentlemen opposite, who are more anxious for protection than some of us on this side of the House.

Mr. CLANCY. What an abomination that measure of protection is.

Mr. FIELDING. I think, Sir, as to whether or not it is adequate protection we have some evidence of a gratifying character that the tariff, without being excessive, is high enough to bring some American industries across the line, and a tariff which is able to bring these industries into Canada looks very much like a tariff which affords adequate protection.

If my hon. friends opposite wish to see some of the good results of the tariff let them go up to the city of Hamilton and look at the vast industries which have been established there by American capitalists who have come across the line under the operation of this tariff, and who are now engaged in carrying on very large businesses. Let them go to the city of Toronto and they will find similar organizations of American capital starting in the manufacturing business. So, we are able to say that not only has the tariff been a great revenue tariff, but one which has afforded a reasonable degree of incidental protection and one which has brought about, as far as these industries are concerned, very gratifying results.

THE BRITISH PREFERENCE.

In our tariff of 1897 there was one new feature of great importance. I refer to the question of the British preference. The desirability of a preferential system between the mother country and the colonies of the empire had long been considered and long been recognized. On both sides of politics it was considered a desirable thing that there should be a preference as between the mother country and the colonies as far as possible. Colonial conferences met from time to time and passed resolutions in favour of such a system, but no substantial progress seemed to be made. Why? Because the proposal which was then made was one which Great Britain, at that time at all events, was not prepared to agree to.

Hon. gentlemen opposite have differed from us to some extent on that question. They have argued—and I think that I

Canada leads the way.

do them no injustice when I say so—that we should not have granted that preference to Great Britain without obtaining a corresponding preference from the mother country. Our view was that no progress could be made along those lines. We did not feel that it was possible to start the British people by any such methods. Looking at it from that point of view we felt that the true method for Canada to pursue was to make a start and await developments. In the speech which I had the privilege of making to parliament in introducing the preferential tariff, I used these words:

Somebody must make a move in this matter, and we propose that Canada shall lead the way.

The effect wide-reaching.

Now, Sir, looking back over the history of these eight years, I can fairly say that in leading the way at that time on this great question Canada took a step which has had wide-reaching effect throughout the British empire. We have found that even in the portions of the empire where they have not yet been able to follow our example they have spoken with the warmest admiration of the course which Canada has pursued, and they have recognized that in that step much was done for the development of the empire.

Material results.

New Zealand has adopted the preference.

South Africa has followed the example of Canada.

But we have not been without some material results. We think that, even though Great Britain has not formally adopted the preference, good undoubtedly has come to us from the better relations which have prevailed in a business way between the mother country and Canada, and we feel that some advantage has come to us. We know that the great colony of New Zealand has adopted a similar preference and that it is now in operation. Some months ago a conference was held at Bloemfontein of the various colonies of South Africa. At that conference there were represented the various states of South Africa—Cape Colony, the Transvaal, Southern Rhodesia, the Orange Free State and Natal. They agreed to follow in principle the example of Canada, but it was necessary, however, for their various parliaments to take action in carrying out that principle. We now know that recently action has been taken by these colonies and that on the first day of July next the principle of the preference will be adopted throughout all the South African colonies. Whether or not this preference will in all respects be exactly adapted to

our conditions is a matter to be considered hereafter. All I am claiming now is that when Canada led the way in 1897 she was leading in a movement which was destined to be of vast importance to our imperial interests everywhere throughout the world.

But, perhaps, the greatest change that has come has been brought about in the mother country itself. We quite realized in 1897 that it was too much to expect the British people to immediately adopt a policy which many of them regarded as at variance with the traditional policy of Great Britain. But, what have we found in recent years? For a long time the movement seemed to make little or no progress. Everybody in England admired the action of Canada, but there was no movement towards reciprocity until the matter was taken up by that very able public man, Mr. Joseph Chamberlain.

It is a curious fact that at the opening of the colonial conference in 1902 Mr. Chamberlain made a speech in which he rather minimized the value of the Canadian preference. We had a strong hope that before the conference ended, and after he had had an opportunity of studying the question more fully, his views in that respect would be modified. Of course, the proceedings of the conference were not made public. The public received Mr. Chamberlain's initial speech in which he rather minimized the effect and value of the preference, but they did not receive the discussions which occurred. My belief is that as a result of all the discussions which took place Mr. Chamberlain at the end of the conference found himself enthusiastically in favour of the preferential idea and determined if possible to carry it out.

We know what followed. After the matter was discussed at the colonial conference and after the lapse of a few months, Mr. Chamberlain publicly announced his determination if possible to bring about such a policy for the mother country. For that purpose he left the administration and conducted a series of remarkable meetings throughout the country.

We have found ourselves in this position in regard to the question, that the matter has now become one of party controversy in the mother country. It is unfortunate that it is so. It is not so with us in Canada.

The greatest
change has
been brought
about in the
mother
country.

Mr. Chamber-
lain in the
Colonial Confer-
ence of 1902.

After the
lapse of a few
months he
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about such a
policy.

Question now
one of party
controversy in
the mother
country.

The two parties in Canada a unit in favour of the principle.

We may differ in detail, but I think I am justified in saying, and I think hon. gentlemen opposite will not find fault with me in saying, that practically the two great political parties in Canada are a unit to-day in favour of the principle of preferential trade. Though they may differ as to particular items of detail or as to the best method of bringing it about, there is practically no difference in Canada.

Party division in Great Britain.

But, there is a very great difference in the mother country and it has become a matter of party controversy. We find to-day in England that the Liberal party is practically united in favour of what they call the free trade policy, and they regard the preference as at variance with the free trade idea. In the Conservative party there are very many advocates of the preferential system, but it appears to have been agreed to on both sides now that the matter should be laid aside for the present.

Canada heartily in accord with Chamberlain's plan.

Although there may be details in Mr. Chamberlain's plan which we are not called upon to deal with, and which we do not know to-day how we may deal with, inasmuch as he has practically taken up the Canadian policy, adopted it and recommended it to the British empire, to that extent we are heartily in accord with Mr. Chamberlain. Whether or not on all details we can agree with him, or what his ideas may be in other matters, these are subjects which are frequently discussed, but which we are not called upon to deal with.

No change anticipated in early future but the question not going to remain a dead letter.

I do not anticipate that in the early future there will be any change in the attitude of the mother country on that question. I anticipate that for a while, although the question will be discussed here and there, it will not be as warmly advocated, it will not be such a public issue as it was a few months ago. But, let there be no mistake in that respect. A question of that character, which has an imperial side to it, and a question which enlists the warm and enthusiastic support of a man of such ability and force of character as Mr. Chamberlain, is certainly not going to remain a dead letter, although in the early future we cannot expect any great results from the movement.

What should be Canada's attitude.

What should be our own action in the matter? We may be influenced in our own preferential policy by what may occur in the mother country in the hereafter. We shall claim a free hand

in that respect, but for the present we think it is wise policy to adhere to the preferential system, in the hope that it may be adopted more generally throughout the empire, and that by and by a better understanding may be come to in the mother country and that it will be adopted there as well.

It has been sometimes said that Canada should take some Attitude laid down at further action in endorsing that principle. I do not think we Colonial Confer- are called upon to take any step beyond that which we have steps unneces- already taken. The attitude of Canada has been clearly laid sary. Unseemly down at the colonial conference, and while every phase of the to take active government policy has been discussed in this House there has part in the movement in Great Britain. been practically no exception taken to the position assumed by the government at that conference on the question of preferential trade. Now that the matter has become one of party controversy in England, we naturally hesitate to take an active part in it. We are free to say what we think is best for Canada; we are even free to say that we think this system of preference is capable of doing good to the empire. But when we know the matter has become one of party strife in Great Britain, I think it would be unseemly on our part if we were to attempt to throw ourselves between the two political parties over there, and take any active part in the movement. We must be content with stating our position, as it has been stated in the past. We on this side of the House accept the principle of preferential trade. We believe that, while differing in some details, hon. gentlemen opposite will not differ from us on the principle, and therefore we say to the British people that Canada is practically a unit in support of the principle of preferential trade. We must be content to leave the matter at that for the present.

THE LINES ON WHICH FUTURE TARIFF REVISION SHOULD TAKE PLACE.

We have some tariff changes to propose this session, but we have no intention of making any extensive tariff revision. Many items in the tariff, I might be almost justified in saying that almost every item in the tariff, bears a relation to some other item, and it becomes necessary to have a very careful inquiry before any detailed revision be undertaken. Before the last revision of the tariff, a commission composed of members of Some tariff changes but no extensive revision. Careful inquiry necessary.

the administration held a very extensive and thorough inquiry among the business men of the country; all interests were heard and I am sure much valuable information was obtained. Before we could attempt to deal with all the details of the tariff, it will probably be the part of wisdom to have that commission or some such body make such an inquiry. The ministers in one way or another will have to make a thorough investigation before any detailed tariff revision can be undertaken.

**Lines on
which tariff
revision should
take place.**

But, while we may not be prepared to deal with the details now, there is no reason why we cannot foreshadow the lines upon which the tariff revision might take place. We have to-day practically three tariffs. We have the British preference, we have our general tariff and we have the German surtax. I think it would be found wise in any revision of the tariff that may take place, to continue these distinctions, and to perhaps deal with them more in detail. I think it would be the part of wisdom that we should still have separate tariffs to apply to separate countries, in order that we may be able to deal fairly with the countries that want to trade with us, and to deal less generously with those countries which pursue a somewhat hostile course towards us. We have to-day practically a maximum and a minimum tariff, if I may so describe it, and then we have the British preference below that again. It would be well that in the revision that may take place we should adopt that principle as it now exists and deal with it more in detail.

**A maximum
and minimum
general tariff
and the British
preference.**

I think it would be well for us to have a maximum general tariff and a minimum general tariff, and the British preference below that as we have it to-day. The maximum tariff would only be applied to those countries which pursue, if I may so call it, a hostile policy. I do not mean to say that they have any hostility to us, but simply that in the carrying out of their own affairs they adopt a trade policy which discourages trade with us. In that case, they cannot complain if we have a maximum tariff, and though we should guard against having an extreme tariff, we would be justified in saying that this tariff should be materially higher than the tariff which we are prepared to extend to other countries which are willing to trade with us on fair and reasonable terms.

The minimum general tariff, which would correspond to the general tariff to-day, would apply to such countries as do not legislate commercially in a spirit of hostility to us—perhaps that is not happily expressed; let me say, to countries that adopt more moderate tariff views: low tariff countries. Of course where there are favoured nation treaties in existence they have to be considered, but the principal nations which to-day adopt a high tariff policy have not any favoured nation arrangement, and therefore I think our hands will be free in that respect. So, we would have a maximum tariff, as we have the German surtax to-day, to apply to such countries as do not manifest a disposition to trade with us.

We would have a minimum general tariff to apply to countries that are disposed to trade with us, and then below that we would have the British preferential tariff to apply to the mother country and to such colonies of the empire as it may be expedient to extend the benefit of that tariff to. I think, Sir, that on this line, guarding carefully against extortionate duties, but also making a distinction between the countries which wish to trade with us and the countries that do not wish to trade with us, I think we can devise a tariff which will be in all its details fairly satisfactory to the country.

Mr. R. L. BORDEN. I do not know whether I quite follow the hon. gentleman. Is it his suggestion that we should apply a higher tariff to other countries which have high tariffs against us, although they may treat us exactly in the same way they treat all other countries?

Mr. FIELDING. Yes, I think we should do that. Although, if there be special cases of countries which treat us with exceptional unfairness, we would still have to deal with them by special legislation as we have done in the past.

One advantage which we might derive from the treatment of the question as I have suggested is that we could deal with separate articles. Very often a general rule will work out some disadvantages when applied. Under our present system, our British preference is one-third off everything, and there may be cases in which that works unequally. There may be cases in which we could afford the one third off. There may be cases under such a tariff separate articles could be dealt with.

in which we can afford more than one-third off. There would consequently be some advantage to us in having in our tariff columns a maximum general tariff, a minimum general tariff and a preferential tariff; with each individual item stating in each case what the preference should be, and what the difference is to be. This would strike me as being the line upon which a tariff revision might properly be undertaken.

CHANGES IN THE TARIFF ON SOME ITEMS URGENTLY NEEDED.

Matters of
urgency now
dealt with.

But, Sir, though we speak of that as an outline of the method by which there might be a detailed tariff change, we have to consider the question of things as they are to-day. We desire to deal with certain things as they present themselves to us to-day; we desire to deal with matters of urgency, reserving the question of a more general and more detailed tariff revision until an early date—I would say hopefully next session, but at all events as soon as a proper inquiry can be made.

WOOLLENS AND WOOL INDUSTRY.

Much of
the criticism of
the wool tariff
unjustified.

As I said, we propose to deal with some articles to-day. One of the first matters to which I wish to make reference is the wool industry. Very much of the criticism of the tariff respecting the wool industry is, I am inclined to think, unjustified. What I mean is that as respects some of these industries no amount of tariff could save them from trouble. From the information I have received, I may say that in every one of these industries there has not been the perfection of management which is necessary in these days of keen competition.

Industries not
equipped with
most modern
machinery.

I am afraid they are not all equipped with the most modern machinery; I am afraid that they have not all put themselves in a condition which would enable them to fully enjoy the benefits which the tariff already holds out to them.

Woollen
industry
suffering
severely from
competition.

But, while there may be cases of that kind—and my information is that there are such cases—still the representations that have been made to us lead us to the belief that the woollen industry is suffering severely from competition, and we propose to deal by a special item in our tariff with that industry.

The complaint is made very largely by our woollen manufacturers and by various public men who sympathize with them that although on the better grades of goods they can fairly compete with all persons, even the British manufacturer, a very large proportion of the imports of British woollen goods coming into Canada is really shoddy, goods of an inferior character, against which we ought to legislate; and it is alleged that any increase which we might make in the woollen duties would have the effect of shutting out, not the purer woollen goods, but the shoddy goods. That is argued with much force, and I am inclined to believe that there is something in it.

However, we propose to deal with the matter in this way. Our present duty on the class of goods which I may describe as cloths, tweeds, overcoatings, wearing apparel, and goods of that character, is 35 per cent, subject to the preference, which brings the duty on British goods down to $23\frac{1}{3}$ per cent. We do not propose to increase the general tariff, but we propose to put a limit on the extent to which the preference shall apply to these goods. We propose to fix a minimum tariff of 30 per cent on this class of goods coming in under the preferential tariff. This change will apply to all woollen goods mentioned in the tariff item 394, with the exception of blankets, flannels, bed comforters and counterpanes, which are placed in a group by themselves.

Woollen cloths,
&c., 30 per
cent.

TWINE AND CORDAGE.

We deal in a similar manner with the item of twine and cordage. These goods to-day are subject to a 25 per cent tariff, subject to the deduction under the British preference, which brings the rate of duty down to $16\frac{2}{3}$ per cent. This is a lower rate of duty than even the most moderate tariff man usually is willing to impose, and we propose to fix a minimum duty of 20 per cent ad valorem, on that class of goods coming in under the British preference. That refers to twine and cordage, but does not touch the privilege already granted to fishermen, and does not touch binder twine.

Duty on
twine and
cordage im-
ported from
Great Britain
to be 20 p.c. in-
stead of $16\frac{2}{3}$ p.c.

CHINA AND WINDOW GLASS.

While in the items I have mentioned the degree of preference we have been giving may work inconveniently, and it may be

British pre-
ference on cer-
tain articles to
be increased.

convenient to grant a less preference than one-third, in other items it may be equally convenient to grant more preference.

China, &c., to be 15 p.c. instead of 20 p.c.

On tableware of china, porcelain or other clay, the duty at present is 30 per cent, with one-third off when imported from Great Britain, bringing it down to 20 per cent. We propose to reduce this to 15 per cent, so that in that case the British preference instead of being one-third will be one-half.

Window glass to be $7\frac{1}{2}$ p.c. instead of $13\frac{1}{2}$ p.c.

We deal in like manner with window glass, the duty on which at present is 20 per cent, with one-third off when imported from Great Britain. We propose that the duty on window glass imported from Great Britain shall be reduced to $7\frac{1}{2}$ per cent. In these two cases the preference to Great Britain is increased, in the case of the woollens it is decreased.

SUNDRY CHANGES, BEVELLED GLASS, &c.

Pails and tubs of wood to be 25 p.c.

In item 330, schedule A, there is a group of articles from which we want to strike out pails and tubs of wood. The effect of that is to throw them into the general classification of wooden goods, so that they will be dutiable at 25 per cent instead of 20 per cent as they now are.

Minimum value on buggies.

In item 323 of schedule A we propose to add a qualification. The item refers to the duties on carriages. We propose to put a minimum value of \$40 on an open buggy and a minimum value of \$50 on a covered buggy.

Stallions and mares of less value than \$50 excluded.

We propose to insert in the list of prohibited goods an item to exclude stallions and mares of less value than \$50 each.

Bevelled glass. New rate of duty, 10 p.c. on panes for the manufacture of mirrors.

In item 203 of schedule A we deal with the duties on glass imported in certain conditions. At present there are three rates on that class of goods. I am referring to glass bevelled or to be bevelled, and used by manufacturers. The rates at present are 25 per cent and 35 per cent on different grades. We propose to make another rate of 10 per cent, which will apply to glass panes not exceeding 7 square feet, such as are imported for use in the manufacture of mirrors. As the matter stands now, it has been shown to our satisfaction that the manufacturer of these goods suffers competition under the British preference, but cannot import the raw material under it. The British manu-

facturers of these goods are few in number, and will not sell them for export in the condition desired by our manufacturers. They prefer to send them in the form of the finished product. The result is that the manufacturer in Canada has to import his raw material from foreign countries under the full tariff and to compete with the finished article imported from Great Britain under the preference.

REDUCTION IN THE DUTY ON REFINED OIL—BOUNTY ON CRUDE OIL.

I suppose that during the various discussions of the tariff question no item has been more fully debated in this House and outside than that of the duty on oil. Oil, of course, is an article of universal consumption. Even in the cities and towns it is the light of the poorer classes, while in the rural districts it is the light of everybody. It is not surprising therefore that frequent reference is made to the duty on that article and frequent motions have come from both sides of this House looking to the repeal of the duty. From the consumer's point of view merely it might seem reasonable enough to repeal the duty on oil, but there is another side to the question, and those charged with the responsibility of dealing with this matter—not merely the members of the government, but members of parliament who have given it attention—have to recognize that the oil industry has a fair claim on our consideration, and if the repeal of the duty were to wipe out the oil industry in Canada, I am sure that no person on either side of the House would desire to see such a result.

Duty on oil
a matter of
frequent dis-
cussion.

Consumers
might think
repeal of
the duty
reasonable. Oil
industry has
a claim for
consideration.

Cheaper oil
for consumer
desired without
injustice to
the oil industry.

What we desire to do is to bring about a reduction in the duties on oil, in such a way that the consumers shall have cheaper oil, and that no injustice shall be done to the oil industry, but that it shall have as fair a chance as others. There are two divisions of the oil industry. Sometimes this is not understood. Sometimes there is an impression that the only people interested in the oil industry are some one company, like the Standard Oil Company, which is supposed to control the principal oil refinery at Sarnia, the local name of which is the Imperial Oil Company.

Two interests
to be considered,
the refiners and
the oil producers.

But there are two interests to be considered in the oil industry—the interest of the oil producer and the interest of the oil refiner. They are not always the same. The oil refiners are sometimes also owners of wells, but there are many hundreds of owners in Canada of oil wells who have no interest whatever in the refineries. They are simply producers of crude oil. So we have to consider under what tariff the refining industry may still be conducted in Canada, and under what conditions the production of crude oil may be continued.

Crude oil
industry
waning.

The situation has been made more difficult by the fact that the crude oil industry in recent years seems to be waning. Unfortunately, the production of crude oil of late years has not increased. No doubt when the duties were established many years ago the idea was that the production of crude oil would increase, and we would ultimately be able to supply our own requirements. But that has not happened. For some years the production of crude oil has been diminishing, and, though we have large refineries in Canada, they are really working but a part of their capacity. The question is, on what conditions we can provide sufficient crude oil to give employment to the refiners, and, at the same time, deal fairly and generously with the people who have invested their money in the industry of producing crude oil.

Crude oil industry
to be aided
by a bounty
of $1\frac{1}{2}$ cents
per gallon.

The method on which we have determined is to aid the crude oil industry by a bounty. We will allow a bounty of $1\frac{1}{2}$ cent per gallon to the producers of crude oil in the Dominion. That will not be a heavy burden on the treasury. I shall make a comparison between what we give in that way and what the people will receive in another way. The duty on refined petroleum a few years ago, when this government came into power, was 6 cents per gallon and was reduced to 5. We propose to cut the present duty in two, and make the duty on coal oil $2\frac{1}{2}$ cents per gallon. That will be a reduction of 50 per cent on the oil duty, as it now stands, and 58 per cent on the oil duty as it stood when this government came into power.

Duty on coal oil
reduced to $2\frac{1}{2}$
cents per gallon.

Effect of the
reduction to
the people.

Let us see how this will affect the people in a financial way. The consumption of refined oil and naphtha in Canada for the calendar year 1903 was as follows:

	Gallons.
Canadian oil..	7,755,790
American..	17,919,660
Total..	25,755,450

gallons refined oil consumed by the people of Canada last year. It is only reasonable to suppose that the 5 cents duty increases the cost of the home produced article as well as of the imported article. If, therefore, we reduce the duty $2\frac{1}{2}$ cents per gallon, that reduction, so far as the consumer is concerned, applies practically, not only to the 17,000,000 or 18,000,000 imported, but would, of course, bring down the price of the Canadian article to the same extent.

Mr. HENDERSON. Theoretically.

Mr. FIELDING. Not only theoretically, but absolutely certain, because if the price comes down in the one and not in the other, the other will not be consumed, so that the effect of this reduction will be an immediate reduction in the price of oil at the refineries in Canada, and from the refiner to the various distributing companies, and from these to shop-keepers, and in due season it will reach the consumer. If it be true that the consumer pays the duty, I presume he will pay this as well as others, and there is not much doubt that the consumer pays an increased price, under the present system, not only on the imported oil, but on the Canadian as well. We have a consumption of oil in Canada of 25,755,450 gallons. The saving to the people of 25,755,450 gallons. 2 $\frac{1}{2}$ cents per gallon on that quantity will amount to \$643,886. We will pay a bounty only on the crude oil produced in Canada, which amounted last year to 16,852,640 gallons. Observe that the bounty being paid only on the Canadian crude will apply only to a limited quantity, whereas the reduction of price will apply to the whole consumption, whether Canadian or American. We find then the saving to the people by this policy of \$643,886 in the shape of reduced price of oil. On the other side of the account, the people will pay out, through the treasury, \$225,789 in the way of bounties. Deducting the amount which the people will pay from the sum which they will receive, there is a net gain to the consumer on the year's operations of \$390,097.

Consumption of
oil in Canada
25,755,450 gallons.

Saving to the
people in
reduced price
of oil, \$543,886.
Bounty will
cost \$225,789.

Net gain to
the consumer
\$390,097.

Fuel oil placed
on free list
and reduction
of duties on
petroleum
products.

Besides the people will receive further advantages by having fuel oil placed on the free list, and that is an important item to manufacturers who use oil as a fuel. There will be a further advantage in a reduction of the duties on all the products of petroleum. Thus, paraffin wax candles are reduced from 30 per cent to 25 per cent ad valorem, and paraffin wax is also reduced from 30 per cent to 25 per cent ad valorem. Illuminating oils of the highest grades are reduced from 25 per cent to 20 per cent ad valorem. Crude petroleum of the highest character, the duty on which is now $2\frac{1}{2}$ cents per gallon, will be reduced to $1\frac{1}{2}$ cents per gallon, while petroleum in the cruder forms will be on the free list.

Mr. OSLER. Will oil used by gas companies for the manufacture of gas be on the free list?

Mr. FIELDING. Yes, except in the higher grades. If advanced in its manufacture it will not be on the free list, but will pay $1\frac{1}{2}$ cents per gallon instead of $2\frac{1}{2}$. In the cruder form it will be free. In these we have given very large reductions.

MOLASSES FREE FROM COUNTRIES ENTITLED TO THE BRITISH PREFERENCE.

Molasses free
when imported
from the
West Indies.

We propose to abolish also the duty on molasses, but only when imported from countries entitled to the preference, that is to say, molasses from the British West Indies. That is now dutiable at $1\frac{3}{4}$ cents per gallon, and we put it on the free list, believing we will thus not only encourage trade with the British West Indies, but reduce the price materially of an article much used by the working classes.

SUNDRY ARTICLES TRANSFERRED TO THE FREE LIST.

Articles
transferred to
free list.

Goats.

Whale oil soap.

We propose to transfer to the free list a number of articles which I have not yet mentioned, some of which are not very important in themselves, but have importance in relation to the industries with which they may be connected. We were asked to place goats on the free list of animals imported for the improvement of stock, and this we propose. We were asked to put whale oil soap on the free list, because it is an article much

used by nurserymen, and we are agreeing to that. We were asked to put on the free list hydro-fluo-silicic acid, used largely Hydro-fluo-silicic acid. by miners in their smelting and mining operations, and we have decided to comply with that request. We have also put on the free list what is known as plain basic photographic paper, baryta Basic photographic paper. coated, for albumenizing or sensitizing, used by photographers. We also propose to admit free glass of certain sizes for the making of dry plates for photographic purposes. The paper is at Glass for dry plates. present charged 35 per cent duty and the glass 20 per cent. Neither of these articles is made in Canada, and we have reason to think that by placing these articles on the free list we can bring into Canada a very large and important industry.

We shall lose no revenue on it, because it is not a large item, but our expectation is that by transferring this to the free list we will bring into Canada a very important industry.

We have been asked to put on the free list also, for the benefit of the farming population, what are known as ferment cultures for use in butter making, and this we propose to do.

We propose that printing presses, not made in Canada, at Printing presses present paying 10 per cent, shall be made free.

We propose that machinery of a kind not made in Canada, Machinery for manufacture of when imported for the manufacture of linen shall be made linen. free. We have reason to believe that in this way we can encourage the development of the flax industry in Canada.

We propose that machinery of a kind or class not made in Canada for the manufacture of certain classes of brass goods shall be placed on the free list. The classes of goods which these machines will make are at present on the free list and we propose to assist the manufacturers by giving them free machinery.

We propose also to include on the free list, at the request Artificial teeth. of the dentists of the country, artificial teeth.

We propose to put on the free list, at the request of the Quassia juice. farmers of the country, quassia juice, which is used in spraying.

We propose to put on the free list, crude petroleum, fuel and Crude petroleum, fuel gas oils, 40 Beaume gravity or less at 60° temperature, .8233 and gas oil. specific gravity.

Well drilling
machinery.

Machinery for
alluvial gold
mining.

Administrative
changes
affecting tea
and spirits.

We propose to put on the free list well-drilling machinery and apparatus of a class or kind not made in Canada for drilling for water or oil; this is not to include motive power.

We made provision last year for the placing on the free list of certain machinery of a kind not made in Canada for use exclusively in alluvial gold mining for one year; we propose to extend that for one year.

CHANGES RELATING SOLELY TO THE ADMINISTRATION OF THE DEPARTMENT.

There are one or two changes which do not affect the duties but relate solely to the administration of the department. In item 608 we propose to strike out all the words after the 'United Kingdom' in the third line. The item refers to the importation of tea. It now requires that there shall be an English certificate as to the character of the tea. We are advised that this certificate is of no substantial value, but imposes some charge upon our importers, and our own Customs regulations for the examining of tea are ample. We therefore propose to strike out the requirement for the English certificate.

There is an amendment to the item in the tariff respecting the duty on spirits. It does not, however, relate to the rate of duty in any way; it is simply a matter in the administration of the department, an amendment to the form of the item, and therefore I shall pass it over.

PHILOSOPHICAL APPARATUS—ITEM RE-ENACTED IN MORE AMPLE FORM.

Item of
philosophical
apparatus made
more ample.

Item 462 of Schedule 'B,' that is, on the free list, related to philosophical apparatus, for the use of universities, schools, &c. We repeal that item, and re-enact it in a larger and more ample form as follows:

462. Philosophical and scientific apparatus, utensils, instruments, preparations, including boxes and bottles containing the same, of a class or kind not manufactured in Canada, when specially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of

the fine arts, or for the use or by order of any college, academy, school, or seminary of learning in Canada, and not for sale, subject to such regulations as the Minister of Customs shall prescribe.

SILK FABRICS FOR MEN'S NECKWEAR.

We have had some representations from the manufacturers of neckwear who have made it clear that they suffer some disadvantage, very much of the same nature as that which I have mentioned in connection with certain classes of imports, that is to say that the finished article comes in under the British preference, while they are obliged to get the raw material from countries to which the British preference does not apply. We therefore propose to provide a special rate of 10 per cent for silk fabrics when imported by manufacturers of men's neckwear for use in their factories under regulations to be made by the Minister of Customs.

Manufacturers of
silk neckwear
suffer a
disadvantage.
Duty on silk
fabrics for
neckwear to
be 10 p.c.

THE DUMPING EVIL.

I have now given you, Sir, a statement of all the details wherein we propose to change the tariff. But we have some further proposals to make which, although they may not relate to details, are of the utmost importance. As time rolls on, changing conditions arise. It is the duty of the government and of all men in parliament to observe these changing conditions and adapt their tariff legislation to the conditions which may confront us. In the world's trade many new conditions have grown up, and we are particularly interested in the conditions which have arisen in the great high tariff countries. We cannot meet these by mere academic discussions of the principles of free trade or protection. Mr. Cleveland, on a memorable occasion, used an expression which is very frequently quoted, 'It is a condition and not a theory which confronts us.' We recognize that fact in tariff matters, as in many other matters, and we say that many new conditions have arisen and are arising of which we are obliged to take notice.

Tariff legislation
should be
adapted to
changing
conditions.

In low tariff countries
disturbing conditions
seldom exist.

In low tariff countries
disturbing conditions
seldom exist.

She sells at a profit, and what is known as the system of dumping or slaughtering is hardly known in connection with British trade.

In high tariff countries
objectionable conditions
arise.
Slaughtering or
dumping.

But, Sir, in the case of all high tariff countries, these objectionable conditions arise. It seems to be the inevitable result of high tariff policy that monopolies, trusts and combines will flourish. They may possibly exist in low tariff countries, but they flourish under a high tariff policy, as they could not possibly flourish under other conditions. We find to-day that the high tariff countries have adopted that method of trade which has now come to be known as slaughtering, or perhaps the word more frequently used is dumping; that is to say, that the trust or combine, having obtained command and control of its own market and finding that it will have a surplus of goods, sets out to obtain command of a neighbouring market, and for the purpose of obtaining such control will put aside all reasonable considerations with regard to the cost or fair price of the goods; the only principle recognized is that the goods must be sold and the market obtained. I quite realize that what I may call the extreme free-trader, that is the theoretical free trader, if there be such a man, who attaches more importance to a theory than to the practical things of this life, may ask: 'Why should we care about that; do we not get the benefit of cheap goods?' Well, if we could be guaranteed for ever or for a long period that we would obtain cheap goods under that system the question would be a very fair one. If these trusts and combines in the high tariff countries would come under obligations, with sufficient bonds, to supply us with these goods at the lowest prices for the next 50 years, it would probably be the part of wisdom for us to close up some of our industries and turn the energies of our people to other branches.

Goods sent into Canada at sacrifice prices with the hope of crushing out native industries.

But surely none of us imagine that when these high tariff trusts and combines send goods into Canada at sacrifice prices they do it for any benevolent purpose. They are not worrying about the good of the people of Canada. They send the goods here with the hope and the expectation that they will crush out the native Canadian industries. And with the Canadian industry crushed out what would happen? The end of cheapness

would come, and the beginning of dearness would be at hand. Artificial cheapness obtained to-day under such conditions, at the expense of dearness at a very near day in the future, is not a system of which we could approve, or which any of us on either side of the House could encourage.

This dumping then is an evil and we propose to deal with it. Perhaps it would not be too much to say that ninety per cent of the complaints that are made to us by our manufacturers are not that the tariff is too low, speaking generally, but that this dumping and slaughtering condition exists, and that the tariff under such conditions fails to give them the protection they would desire. Well, if ninety per cent of these grievances result from dumping, we shall be prepared to deal with it to-day. We think it is in the interest of legitimate trade that this question should be dealt with. It is not the first time that Canada has set an example in matters of this kind and possibly the step we are about to take will be followed by other countries. Our friends on the other side of the House will recognize this dumping evil as fully as and perhaps more fully than even hon. gentlemen on this side of the House. We differ from them as to the manner in which it should be dealt with. Their remedy is a general increase of the tariff all along the line. Perhaps they would not go quite so far as to increase all duties, but that is the principle they suggest. A high tariff is their remedy for this evil. We object to that because we think it is unscientific.

The dumping condition is not a permanent condition; it is a temporary condition and therefore it needs only a temporary remedy, that can be applied whenever the necessity for it arises.

We propose therefore to impose a special duty upon dumped goods. That special duty, subject to a limitation which I will mention, will be the difference between the price at which the goods are sold, the sacrifice price, and the fair market value of those goods as established under the customs law of the country. But this is subject to a qualification—subject to a limitation. If an article is sold at a lower price in Canada than it is sold in the country of production, then that will be the evidence of dumping, and the difference between the fair market value in the country of production and the price at which it is sold—or

Dumping is an
evil and source
of greatest
complaint.

Dumping
condition is
temporary and
needs a
temporary
remedy.

Special duty on
dumped goods
over and above
existing duty.

if hon. gentlemen prefer, dumped—that difference shall constitute the special duty, within the limitations. As regards certain articles upon which our duties are low and upon which we grant protection in the form of bounties as well as in the form of duties, as respects certain of these items in the iron schedule chiefly, the limitation shall be 15 per cent ad valorem ; that is to say, that special duty shall be the difference between the fair price and the dumping price provided it shall not exceed 15 per cent ad valorem. The additional duty over and above the present duty I call the special duty, and it is so called in our resolutions. Then in case of other articles, the limit is 50 per cent of the present duty. It is a duty over and above the existing duty, and it is limited by these two conditions : In one case, or in a few cases of like character, the limitation is that it shall not exceed 15 per cent of the value and in the other case it shall not exceed one-half of the ordinary duty.

Mr. R. L. BORDEN. Will the hon. gentleman state what the law is now ? I thought there was some provision as to charging a duty upon the regular price in the foreign country. I am not familiar with that, and I only ask for information.

Difference
between
present law
and what is
proposed.

Mr. FIELDING. I shall be glad to explain to the hon. gentleman the difference between the present law and what we propose. There is a provision in the existing law that where there is an under-valuation you can levy duty upon the true valuation. Suppose, for illustration, that an article of which the true value is \$100 is entered at \$80, you can impose the duty on the whole \$100. You get therefore an extra duty in that case, if you care to look at it in that way, to the extent of the rate of duty on the difference in value. In what we propose, you get the whole difference itself. If the article is sold at \$80 and if the fair market value is \$100, under the law as it stands to-day you get your duty of say 30 per cent on that extra \$20. Under what we now propose you not only get the duty on the full one hundred dollars, but an extra duty, which means the \$20 itself, subject to the limitation that it shall not be greater than one-half of the ordinary duty. Thus, if the duty is 30 per cent, the extra duty, or the special duty as I describe it, cannot exceed 15 per cent, and the whole duty could not exceed 45 per cent.

The principle is that we will impose as a special duty the difference between the true value and the unfair value. But we put a limitation on that, as limitations are put upon all forms of taxation. Our information is that the average of dumping in Canada represents about 15 per cent of value. There are some cases in which the dumping may be more and some in which it may be less; but from the best information we can obtain we think that the dumping averages a cut price, an unfair price, an illegitimate price, to the extent of about 15 per cent. With the limitation that we are putting on, it is a special duty corresponding with what we believe to be the average amount of dumping. I may say there is also a special clause with regard to a possible evasion of the provision by the consignee of the goods. Under the first clause of the resolutions we empower the Minister of Customs or the collector of customs, or any other officer —my hon. friend the Minister of Customs suggests that I had better read the provision so that it may go on the 'Hansard' at once:—

The special duty.

That whenever it shall appear to the satisfaction of the Minister of Customs or to any officer of customs authorized to collect customs duties, that the export price or the actual selling price to the importer in Canada of any imported dutiable article, of a class or kind made or produced in Canada, is less than the fair market value thereof, as determined according to the basis of value for duty provided in the Customs Act in respect of imported goods subject to an ad valorem duty, such article shall, in addition to the duty otherwise established, be subject to a special duty of customs equal to the difference between such fair market value and said selling price; provided, however, that the special customs duty on any article shall not exceed one-half of the customs duty otherwise established in respect of the article, except in regard to the articles mentioned in items 224, 226, 228 and 231 of schedule A, the special duty of customs on which shall not exceed fifteen per cent ad valorem.

The expression 'export price' or 'selling price' herein shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

The foregoing provisions respecting a special duty of customs shall apply to imported round rolled wire rods not over three-eighths of an inch in diameter, notwithstanding that such rods are on the customs free list: provided, however, that the special duty of customs on such wire rods shall not exceed fifteen per cent ad valorem.

Attempts to evade the effect of the provisions by system of consigning goods to be prevented by a special clause.

I have mentioned that there might be an attempt to evade the effect of these provisions through what is called a system of consigning goods, that is to say, the manufacturer would not actually sell his goods but he would consign them perhaps to himself or to an agent in Canada. He would comply for a moment with the conditions of the customs law, and then later on the dumping process might be completed. It is thought well to guard against such a contingency from the beginning ; so while we propose in the first clause that the customs officer shall have the power of levying this extra duty to which I refer, we have a special clause to provide that if there be any attempt to evade these duties by the method of consigning the goods, there may be an inquiry, and the Minister of Customs may be authorized to deal with these as the circumstances may require. That clause reads as follows :

If at any time it shall appear to the satisfaction of the Governor in Council, on a report from the Minister of Customs, that the payment of the special duty herein provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the Governor in Council may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

If the full amount of any special duty of customs be not paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector of customs.

Regulations to be made by Minister of Customs.

Provision is made that regulations concerning that matter may be made by the Minister of Customs, and there is a clause providing that it shall not apply to articles subject to excise duty, because they do not properly come under the conditions to which I am calling attention.

Mr. HAGGART. Before the hon. gentleman leaves that subject I would like him to answer this question. Supposing an importer goes into the States and buys goods, say \$100 worth, for \$75. He enters them for customs duty in Canada at \$100. He has bought these goods at \$75, we will say, or \$50. How are you going to reach that case ?

Mr. FIELDING. In that case we will inquire what is the ordinary selling price in the United States for the consumer in

the United States. The ordinary selling price in the United States will fix the true value, and the \$75 that he pays will be deemed the sacrifice value, and we will tax him on \$25 up to the limit I have mentioned, not exceeding one-half the existing duty.

Mr. HAGGART. The minister does not understand. The importer has bought those goods at a proper price, at one-half the value in the United States. How are you to know that he has purchased them at that price when he enters them here at their full value ?

Mr. FIELDING. I suppose any system we could possibly devise would be open to some criticism. There are a thousand things in the Customs Department about which these questions might be asked, but we find the Minister of Customs and his officials have ways of discovering these things. I do not imagine that a clause of this character can be administered without some difficulty, but that is no reason why the clause should not be enacted.

**CAREFUL INQUIRY NEEDED BEFORE ENTERING UPON A POLICY OF
NUMEROUS CHANGES.**

I have now presented to the House all the provisions which we propose to make in relation to the tariff. The tariff is a delicate and complicated piece of machinery which requires careful handling. It would be very easy by rash and ill-considered changes to create a serious disturbance in the business affairs of the country. We believe that in the changes we have made, we have dealt with the matters of greatest urgency. We believe that we have gone far to meet the legitimate demands which have been presented to us for revision of the tariff.

As respects the other articles in the tariff with which we have not dealt, and of course there are a great many, all I can say is that we do not claim for a moment that the tariff is perfect, but we do say that before we should enter upon a policy of numerous changes there should be a careful inquiry and that inquiry we are prepared to make so that if there are inequalities or other defects in the tariff we shall be able to remedy them in due course.

Changes made
deal with
matters of
greatest
urgency.

In other cases
careful inquiry
needed.

Mr. BELL. In what way is it intended to make the surtax operative ?

Mr. FIELDING. Does my hon. friend refer to the special duty that I am speaking of ?

Mr. BELL. No, I do not refer to that, but to the general tariff.

Mr. FIELDING. We have made no change regarding the surtax. It remains as it is at present.

Mr. BELL. That is the German surtax ?

Mr. FIELDING. Yes.

Mr. BELL. But I understand that the hon. minister stated that he is going to have a maximum tariff imposed on certain imports, maximum tariff and a general tariff.

Maximum,
minimum general
tariff and
British
preference
indicate the
lines of a
fuller revision.

Mr. FIELDING. No ; I said that in the working out of the general revision of the tariff to take place later, I thought it would be well to set forth each individual item and set forth the difference in rates which we might see fit to establish. In that case there would be a maximum general tariff, a minimum general and British preference. But that does not refer to any thing that is to be done at the present time. It is simply an indication of the lines upon which we should proceed in regard to the fuller revision of the tariff. As to how we shall deal with the surtax that will depend on what the state of matters may be at the time. If there be a special state of things we shall have to get special legislation concerning it.

Mr. BELL. I thought that in the earlier part of my hon. friend's speech in which he was referring to the tariff, he stated that he was about to adopt practically what would be a maximum, a minimum and a regular tariff.

Mr. FIELDING. No, that all refers to the manner in which the detailed revision of the tariff will be brought about later. It had no reference to anything we propose to-day. We have practically that system to-day because we have the German surtax, the general tariff and the British preferential tariff. The change that I was suggesting was that it would be well to set these forth in separate columns, dealing with each item separately.

THE TARIFF GENERALLY.

I have submitted to the House all that the government have A great deal of merit in a policy of tariff stability. to propose on this great question. We quite realize the difficulties connected with tariff changes ; we quite realize the difficulties which business men experience in regard to the tariff ; and while we have been willing to consider all reasonable requests, while we have been anxious to meet the legitimate demands for changes, we have always had a strong opinion that there was a great deal of merit in a policy of tariff stability. I have met many manufacturers who, while they wanted some particular change, frankly said that rather than go into any broad changes in the tariff policy, they would submit to what they considered a disadvantage for a little while longer, because they recognized that frequent tariff changes are not desired by business men.

Our tariff has been in operation since 1897 with a very few changes. It would not be surprising if changed conditions necessitate changes in the details of this tariff. We believe that in what we have proposed to-day we have met the most urgent matters which have been presented to us. We believe we have met to a large extent the complaints which have been made by our manufacturers by the introduction of this policy in regard to dumping or slaughtering.

We believe that in the form in which the tariff will stand when these amendments have been adopted, as I trust they will be by parliament, the tariff will be in a condition which will give general satisfaction to nearly all classes in this country. But as respects the items with which we have not dealt, we do not for a moment assume that the tariff is perfect. We admit that in a number of instances circumstances may have arisen under which, after proper investigation, it may be necessary to make further changes.

We are prepared as I have said to make a careful inquiry into all these things, such a careful inquiry as every business man must desire should be made before such policy is introduced into this House. But, I think we are justified in saying that in the main, we have, by introducing and devising tariff measures to meet the conditions of the country, given a reasonable assurance to the country now and in the future that this government

can be relied upon, while guarding against monopolies, trusts and combines, to give reasonable aid to the legitimate industries of the country, and to adopt a tariff policy, which will not only be a policy for the benefit of the manufacturers, but a policy, which, while giving them all due consideration, will have regard also to the interests of every class and section of the people and of every province in this great Dominion.

I beg to move :

That it is expedient to amend 'The Customs Tariff, 1897,' to the following effect :—

Notwithstanding anything contained in schedule D, the minimum duty on the under-mentioned articles shall be as follows :—

Manufactures as described in item 394 of schedule A (excepting blankets, flannels, bed comforters and counterpanes) composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, 30 per cent ad valorem.

Twine and cordage of all kinds, n.c.s., 20 per cent ad valorem.

Notwithstanding anything contained in schedule D, the maximum duty on the undermentioned articles when imported under the British preferential tariff shall be as follows :—

Tableware of china, porcelain or other clay, 15 per cent ad valorem.

Common and colourless window glass, $7\frac{1}{2}$ per cent ad valorem.

The words 'pails and tubs of wood' shall be omitted from item 330 of schedule A.

Item 323 of schedule A shall be amended by adding the following words :—

Provided that the minimum value of an open buggy shall be forty dollars and the minimum value of a covered buggy shall be fifty dollars.

Schedule C shall be amended by adding the following :—

642. Stallions and mares of less value than fifty dollars each.

Item 203 of schedule A shall be repealed and the following substituted therefor :—

203. Plate glass not bevelled, in sheets or panes not exceeding seven square feet each, n.o.p., 10 per cent ad valorem.

203a. Plate glass not bevelled, in sheets or panes exceeding seven square feet each and not exceeding twenty-five square feet each, n.o.p., 25 per cent ad valorem.

Duties on the undermentioned articles shall be reduced as follows:

Silk fabrics when imported by manufacturers of men's neckwear for use exclusively in the manufacture of such goods in their own factories under regulations to be made by the Minister of Customs, 10 per cent ad valorem.

Items 22, 151, 170, 171, 172, 173, 175 and 178 of schedule A shall be repealed and the following substituted:—

22. Parafine wax candles, 25 per cent ad valorem.

151. Parafine wax, 25 per cent ad valorem.

170. Illuminating oils composed wholly or in part of the products of petroleum, coal, shale or lignite costing more than 30 cents per gallon, 20 per cent ad valorem.

171. Lubricating oils, composed wholly or in part of petroleum, costing less than twenty-five cents per gallon, 2½ cents per gallon.

172. Crude petroleum, gas oils (other than benzine and gasoline) above 40 Beaume gravity, at 60° temperature, 1½ cents per gallon.

173. Oils, coal and kerosene distilled, purified or refined, naphtha and petroleum, and products of petroleum, n.e.s., 2½ cents per gallon.

175. Lubricating oils, n.e.s., and axle grease, 20 per cent ad valorem.

178. Vaseline, and all similar preparations of petroleum for toilet, medicinal or other purposes, 25 per cent ad valorem.

Molasses, the produce of any British country entitled to the benefits of the British preferential tariff, in the original package in which it was placed at the point of production and not afterwards subjected to any process of treating or mixing shall be free of duty; the package also to be free: provided, however, that this shall not apply to molasses to be used for the purpose of distillation.

The following articles now dutiable shall be transferred to the free list:—

Goats, for the improvement of stock, under such regulations as may be made by the Minister of Customs;

Whale oil soap;

Plain basic photographic paper, baryta coated, for albumenizing or sensitizing;

Hydro-fluo-silicic acid;

Glass cut to size for the manufacture of dry plates for photographic purposes, when imported by the manufacturers of such dry plates for use exclusively in the manufacture thereof in their own factories;

Ferment cultures to be used in butter making;

Printing presses of a class or kind not made in Canada;

Machinery of a class or kind not made in Canada for the manufacture of linen;

Machinery of a class or kind not made in Canada for the manufacture of brass goods such as are mentioned in item 492, schedule B;

Well drilling machinery and apparatus of a class or kind not made in Canada for drilling for water and oil; not to include motive power.

Artificial teeth;

Quassia juice.

Crude petroleum, fuel and gas oils, 40 Beaume gravity or less, at 60° temperature (.8233 specific gravity).

The free admission of machinery and appliances of a kind not made in Canada for use exclusively in alluvial gold mining, as authorized by section 4 of chapter 15 of the Acts of 1903, shall be continued until the first day of July, 1905.

Item 608 of schedule B shall be amended by striking out all the words after 'the United Kingdom' in the third line.

The following proviso shall be added to sub-section 'a' of item 7 of schedule A:—

Provided that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength) viz.:—

Bottles or flasks and packages containing not more than one gallon per dozen, as one gallon per dozen;

Bottles, flasks and packages containing over one gallon, but not more than two gallons per dozen, as two gallons per dozen;

Bottles, flasks and packages containing over two gallons per dozen, and not more than 3½ gallons per dozen, as 4 gallons for 15 bottles, flasks or packages.

Item 462 of schedule B shall be repealed and the following substituted:—

462. Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same, of a class or kind not manufactured in Canada, when especially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use or by order of any college, academy, school, or seminary of learning in Canada, and not for sale, subject to such regulations as the Minister of Customs shall prescribe.

That whenever it shall appear to the satisfaction of the Minister of Customs or of any officer of customs authorized to collect customs duties, that the export price or the actual selling price to the importer in Canada of any imported dutiable article, of a class or kind made or produced in Canada, is less than the fair market value thereof, as determined according to the basis of value for duty provided in the Customs Act in respect of imported goods subject to an ad valorem duty, such article shall, in addition to the duty otherwise established, be subject to a special duty of customs equal to the difference between such fair market value and said selling price: provided, however, that the special customs duty on any article shall not exceed one-half of the customs duty otherwise established in respect of the article, except in regard to the articles mentioned in items 224, 226, 228 and 231

fifteen per cent ad valorem.

The expression 'export price' or 'selling price' herein shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

The foregoing provisions respecting a special duty of customs shall apply to imported round rolled wire rods not over three-eighths of an inch in diameter, notwithstanding that such rods are on the customs free list: provided, however, that the special duty of customs on such wire rods shall not exceed fifteen per cent ad valorem.

If at any time it shall appear to the satisfaction of the Governor in Council, on a report from the Minister of Customs, that the payment of the special duty herein provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the Governor in Council may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

If the full amount of any special duty of customs be not paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector of customs.

The Minister of Customs may make such regulations as are deemed necessary for carrying out the provisions of the foregoing sections and for the enforcement thereof.

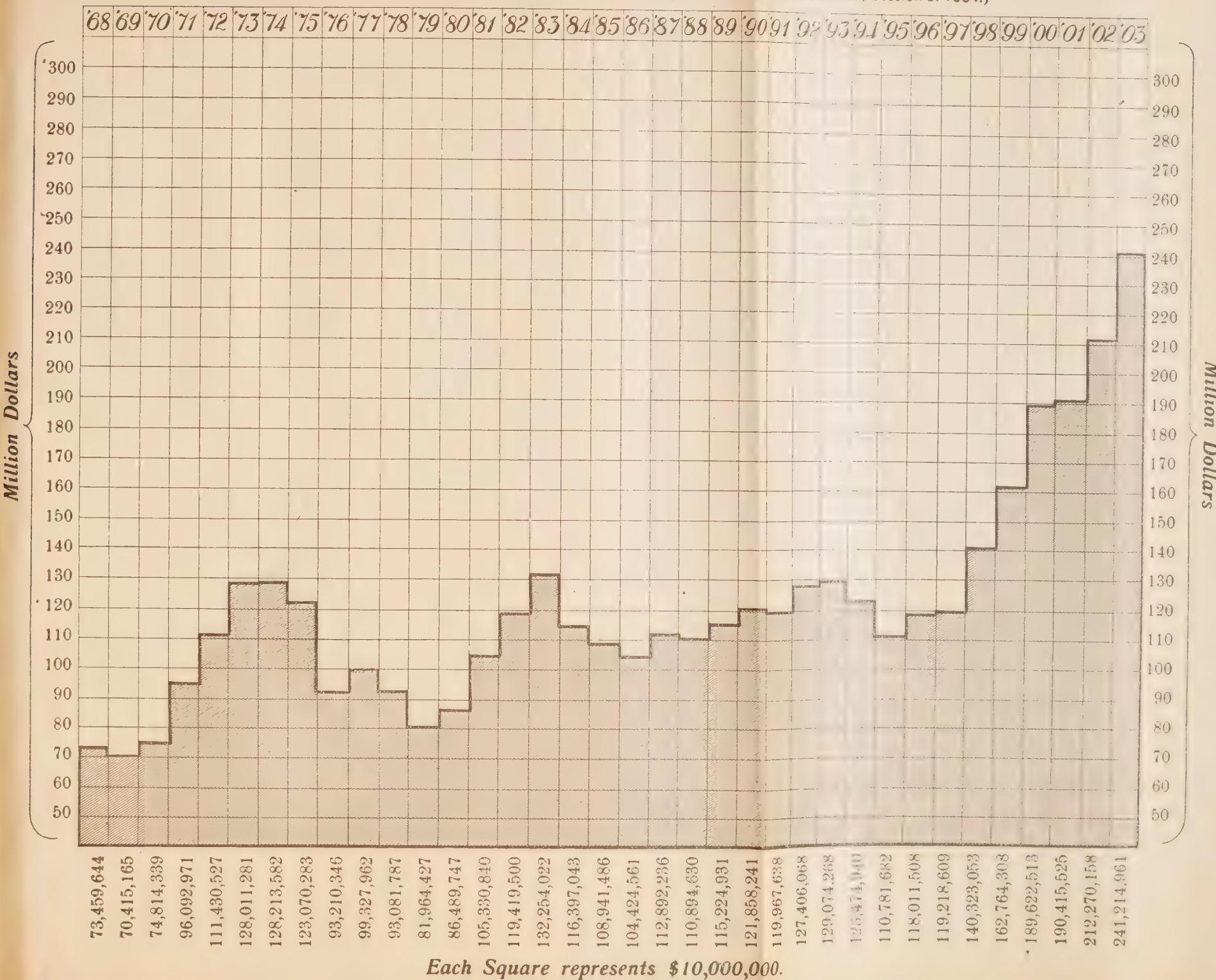
The special duty mentioned in the preceding sections shall not apply to goods of a class subject to excise duty in Canada, nor to imported goods entered for consumption prior to the eighth day of June, 1904.



DOMINION OF CANADA

TOTAL IMPORTS For Years ended June 30th,

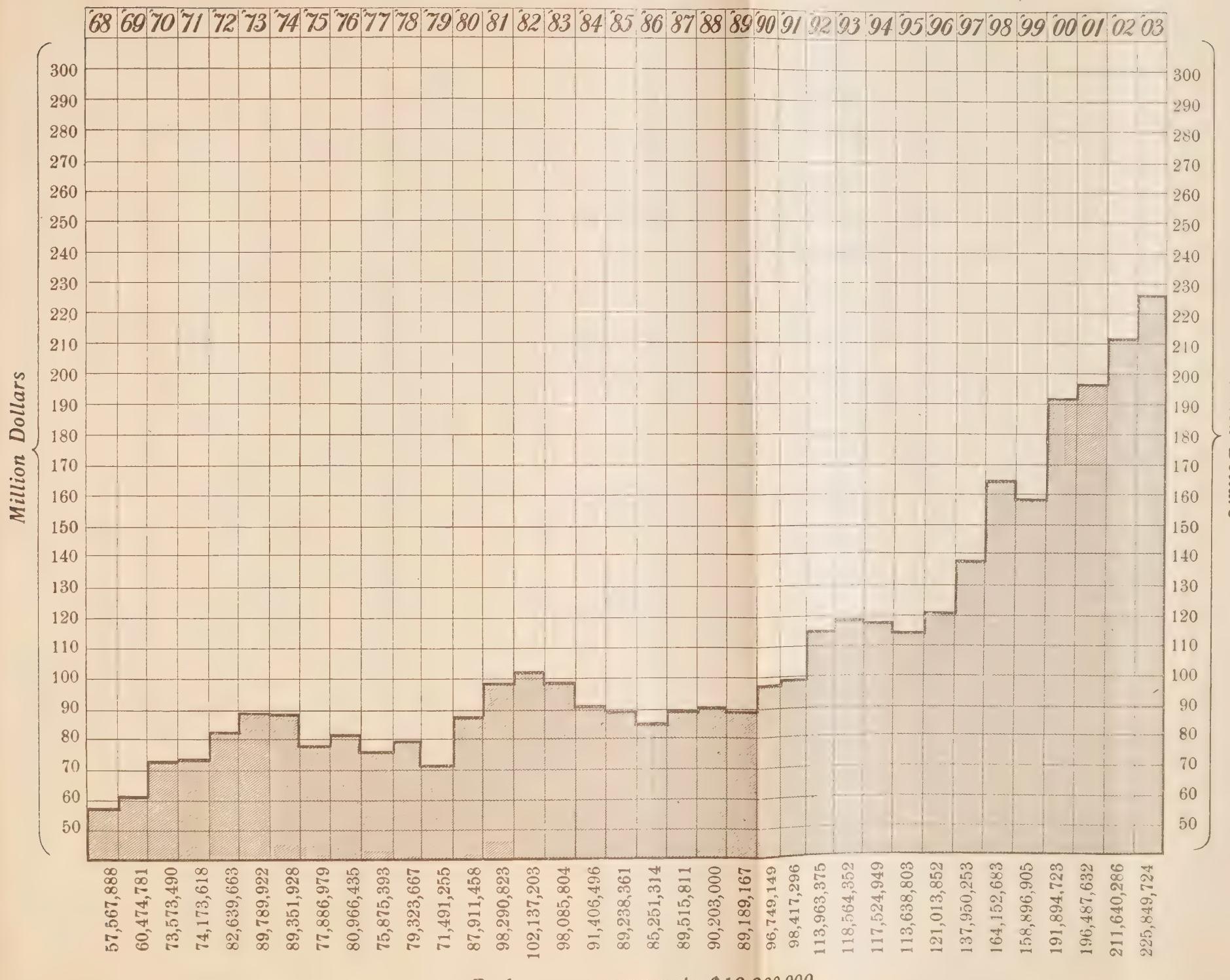
(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)



DOMINION OF CANADA

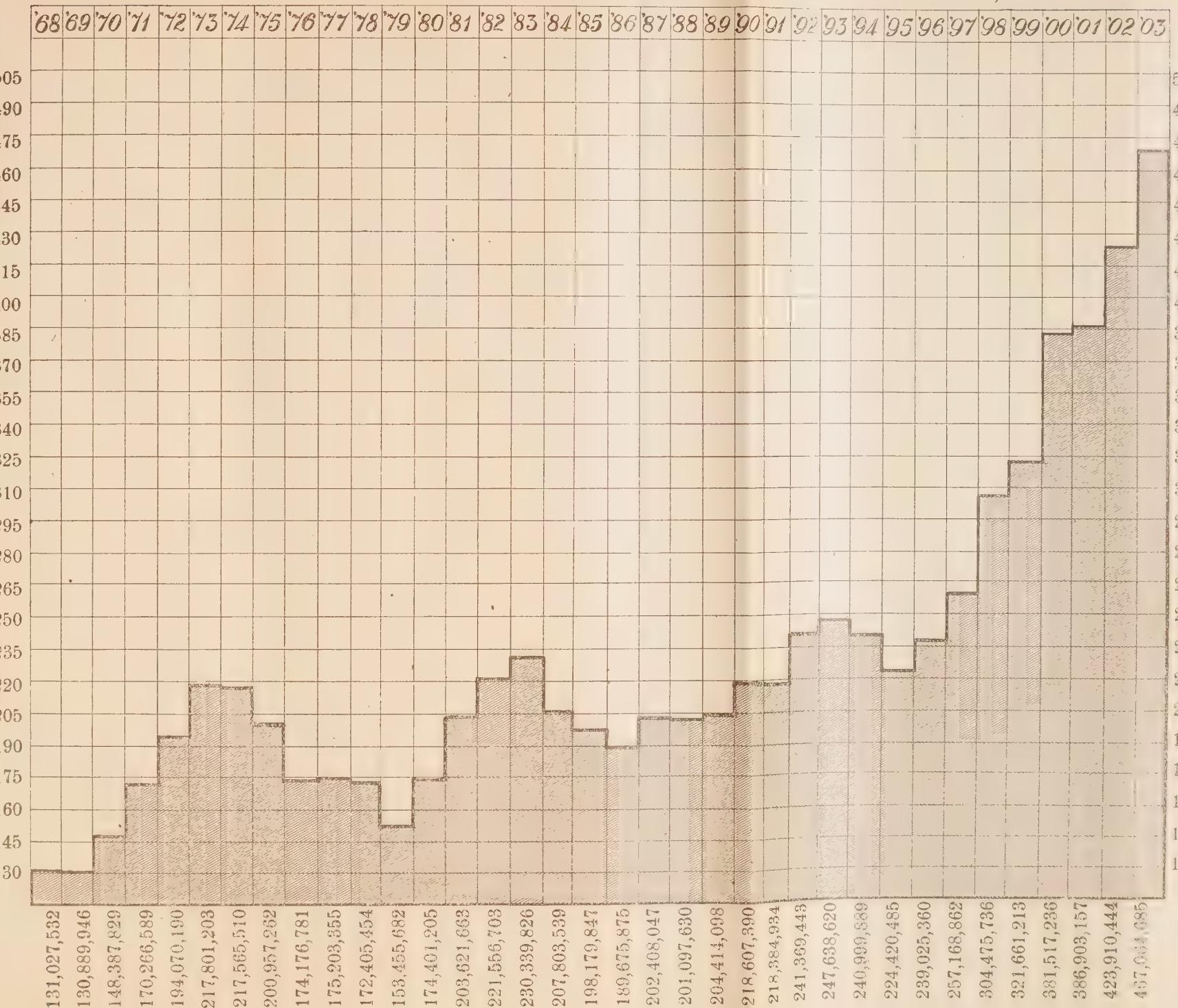
TOTAL EXPORTS for years ended June 30th

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)



TOTAL TRADE for years ended June 30th

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)



Each square represents \$15,000,000.

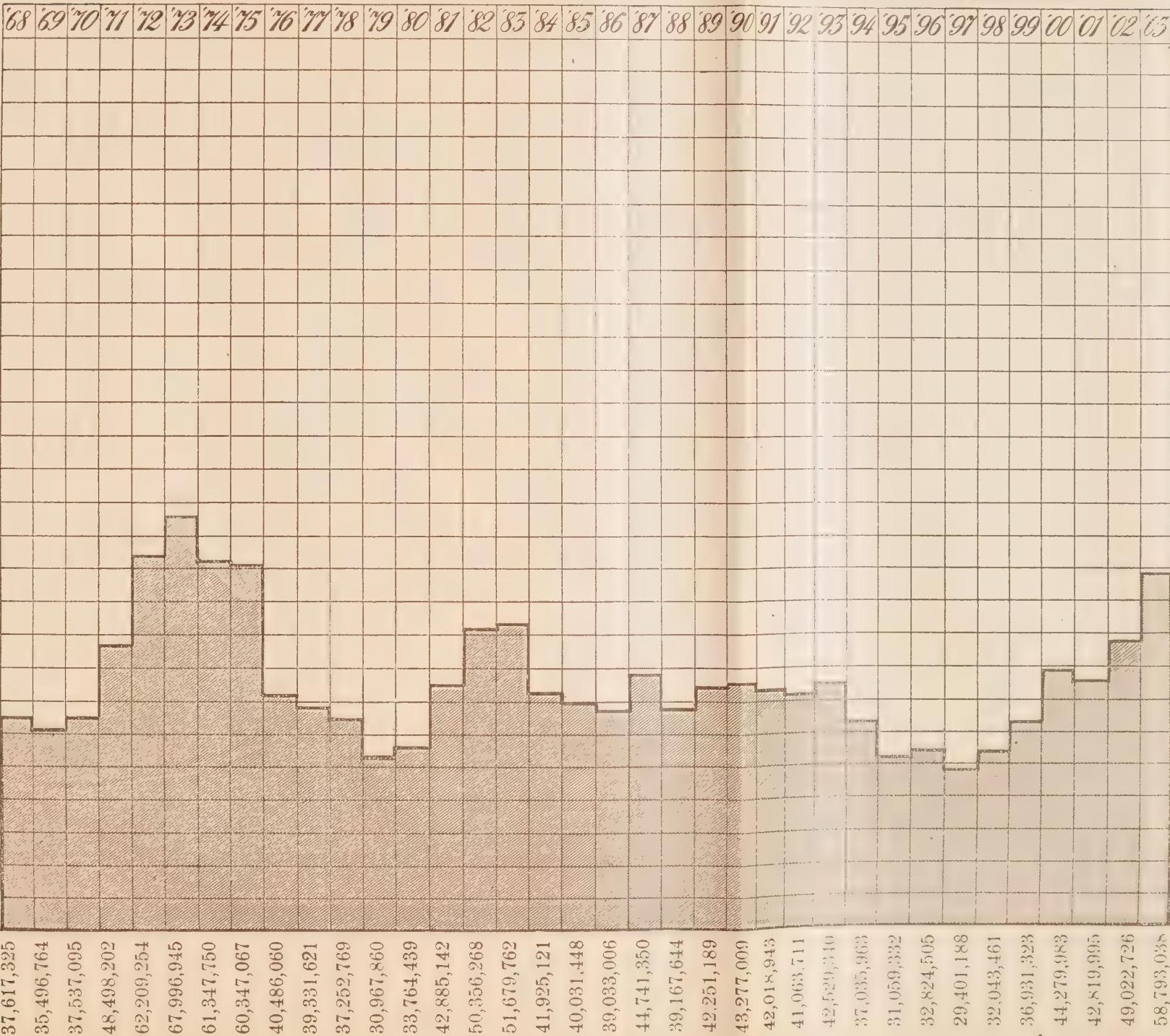
DOMINION OF CANADA
TRADE WITH GREAT BRITAIN

IMPORTS (Home Consumption) from Great Britain For Years ended June 30th.

(COIN AND BULLION EXCLUDED).

Diagram in connection with Budget Speech of Hon W. S. FIELDING, Minister of Finance, Session of 1904.

Million Dollars



Million Dollars

Each square represents \$5,000,000



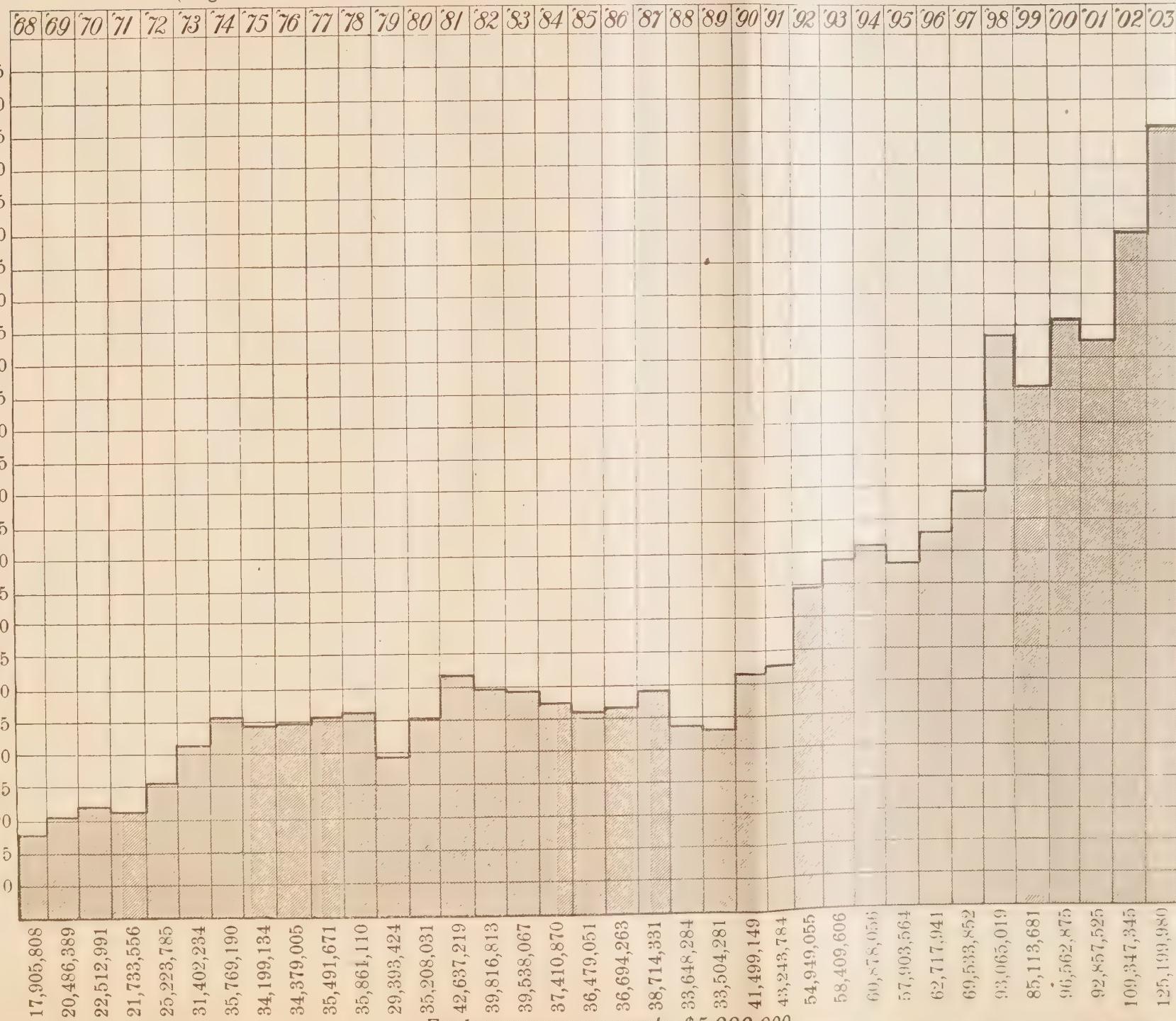
TRADE WITH GREAT BRITAIN

EXPORTS (Produce of Canada) to Great Britain For Years ended June 30th,
(COIN AND BULLION EXCLUDED)

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)

Million Dollars

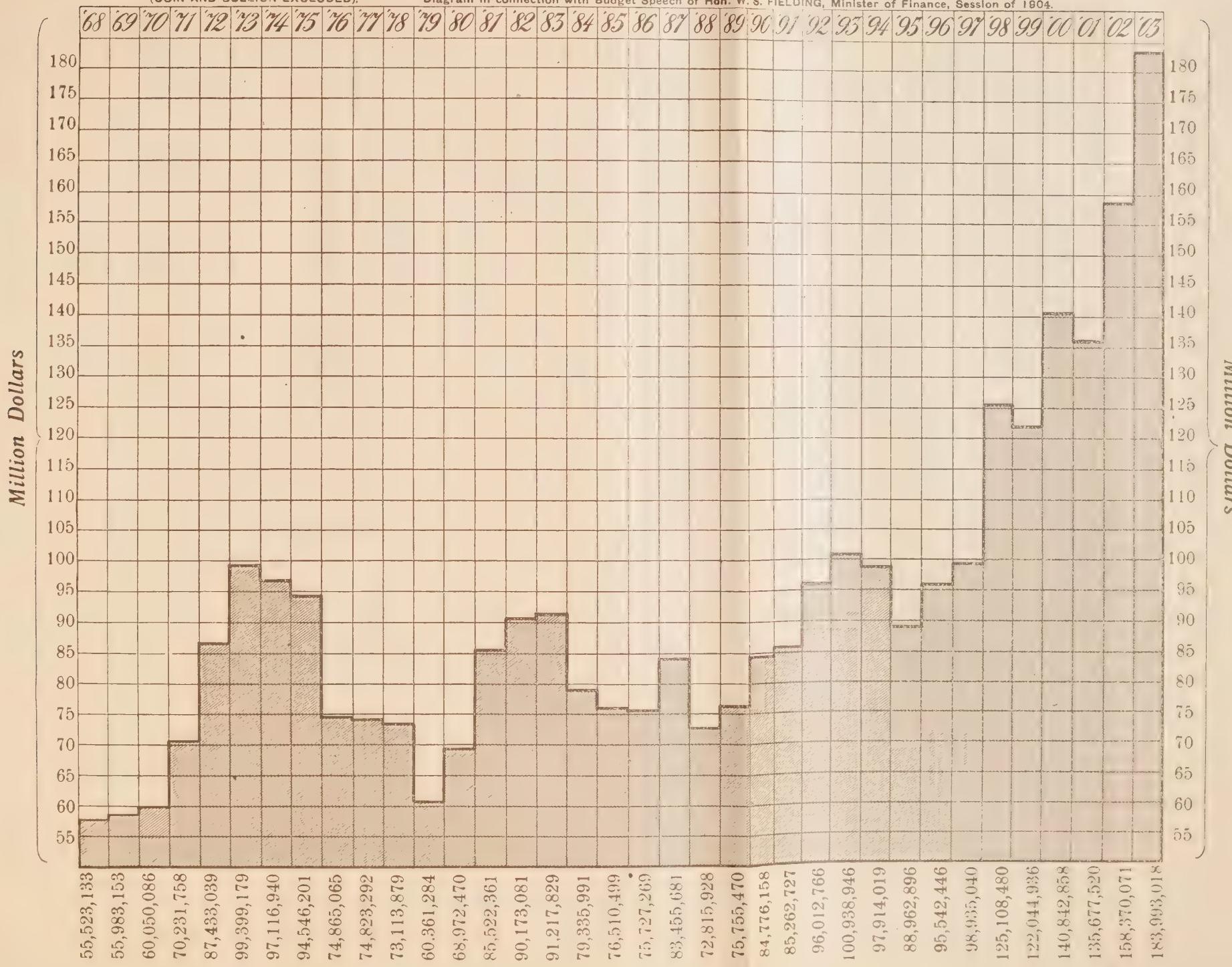
Million Dollars



DOMINION OF CANADA
TOTAL TRADE WITH GREAT BRITAIN

IMPORTS (Home Consumption) from Great Britain and **EXPORTS** (Produce of Canada) to Great Britain for Years Ended June 30th
(COIN AND BULLION EXCLUDED).

Diagram in connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.



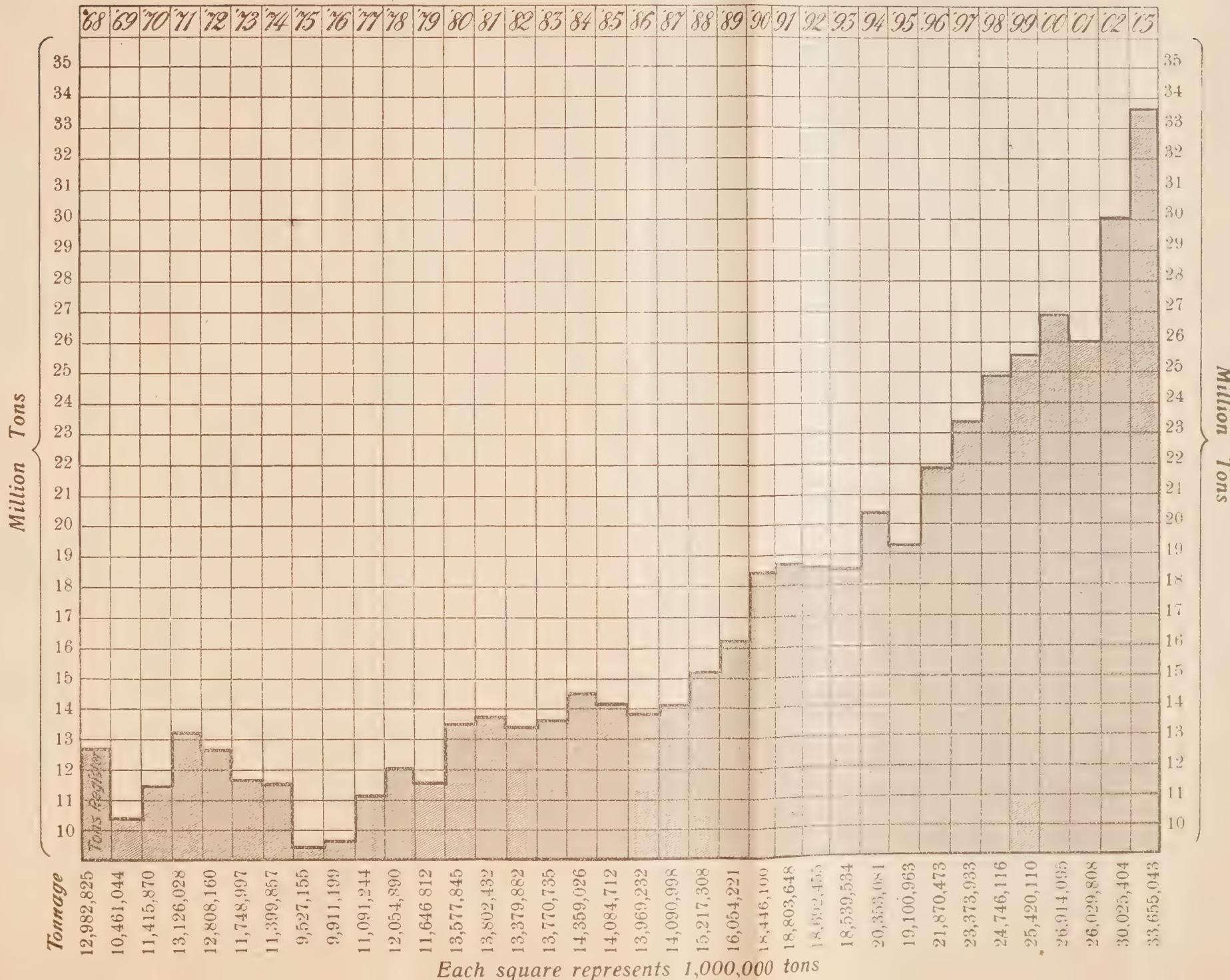
Each Square represents \$5,000,000



TOTAL SHIPPING

Tons Register of all Vessels Arrived and Departed (Exclusive of Coasting Vessels) during
the Fiscal Years ended June 30th.

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)



DOMINION OF CANADA

COASTING TRADE

Tons register of all vessels, arrived and departed, employed in the
Coasting Trade during the fiscal years ended June 30th.

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance. Session of 1904.)

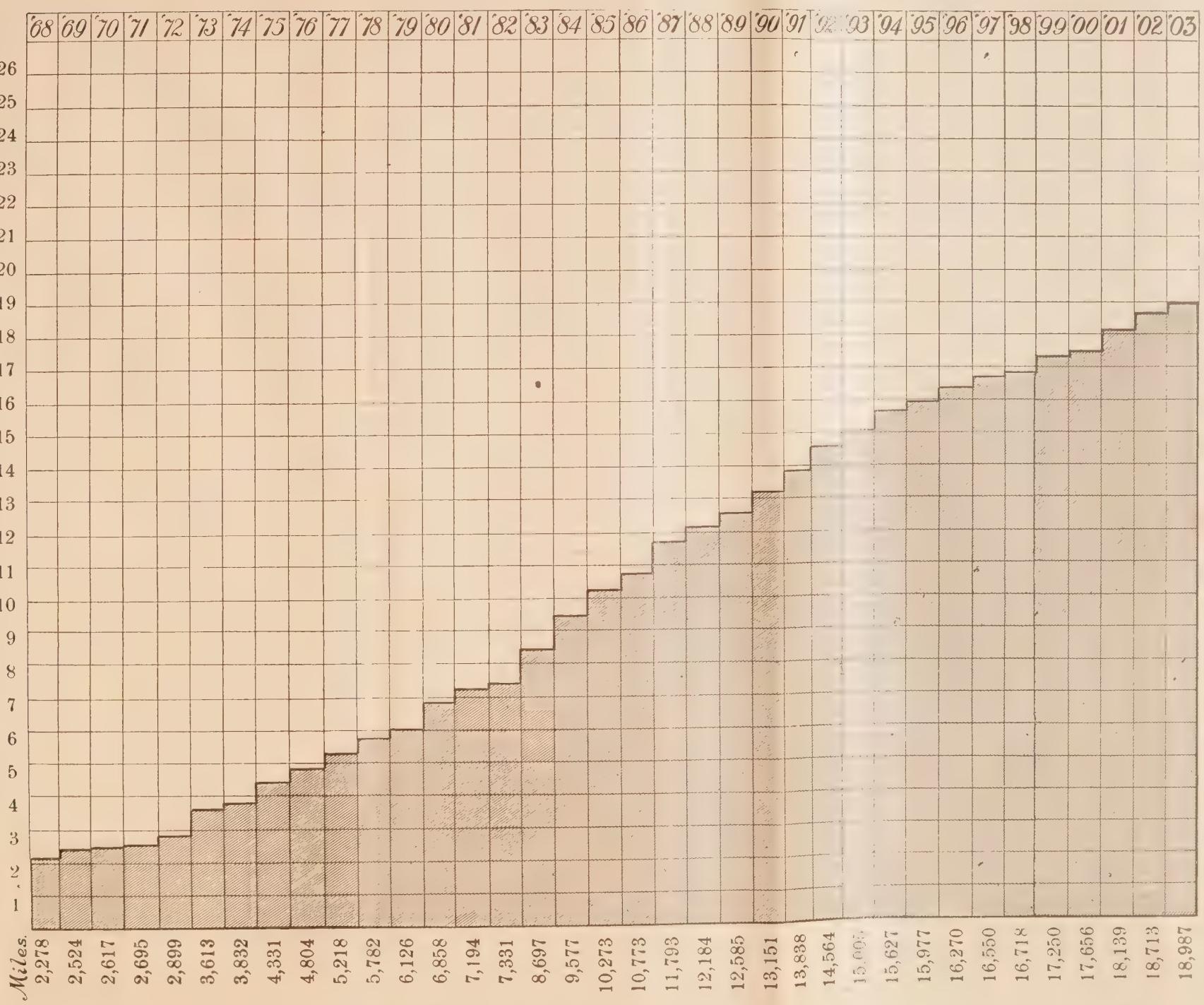


DOMINION OF CANADA.

RAILWAYS IN CANADA. MILES IN OPERATION JUNE 30th.

Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.

Thousand Miles.



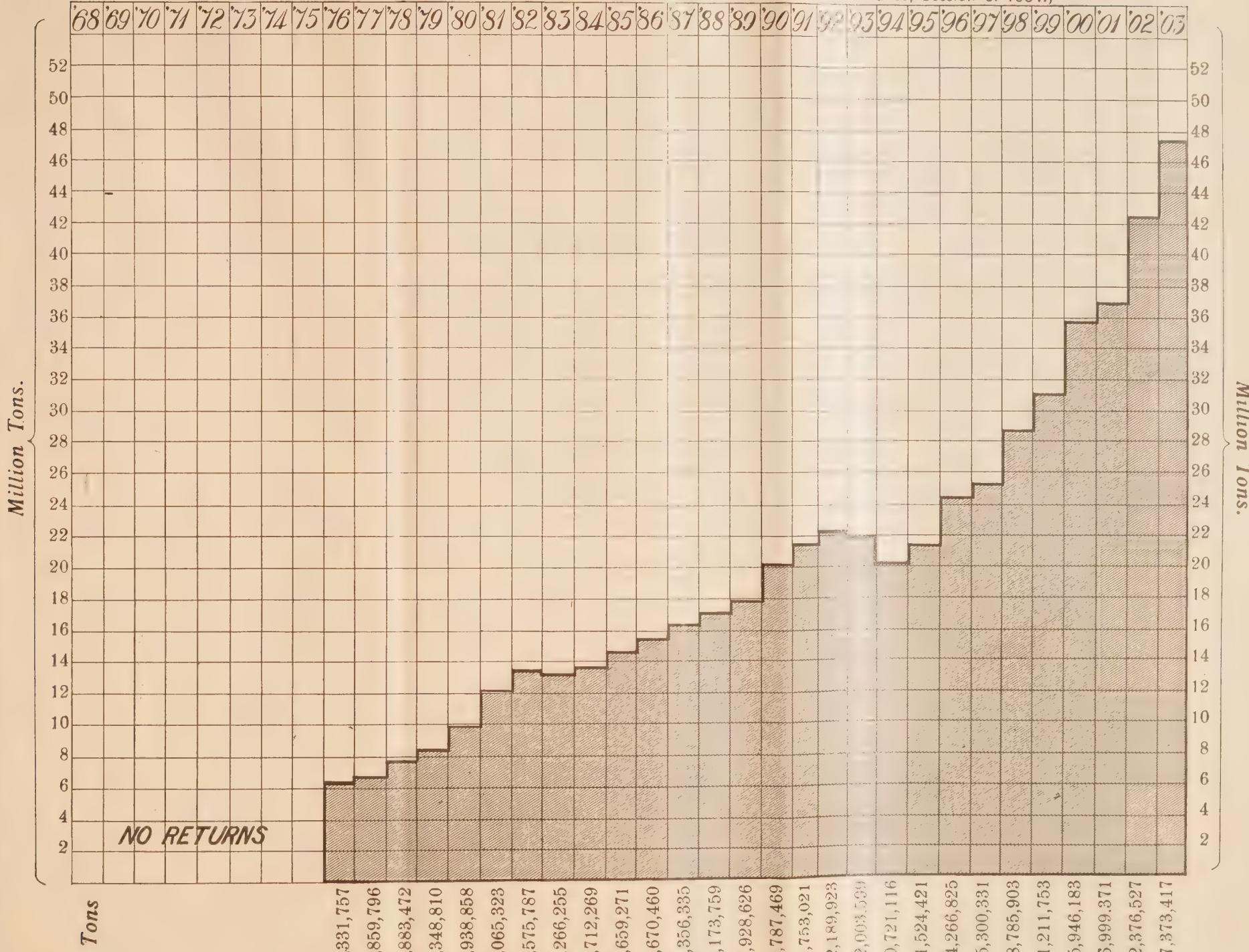
Each square represents 1,000 miles

Thousand Miles.

DOMINION OF CANADA
RAILWAY TRAFFIC—TONS CARRIED

During years ended June 30th.

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)

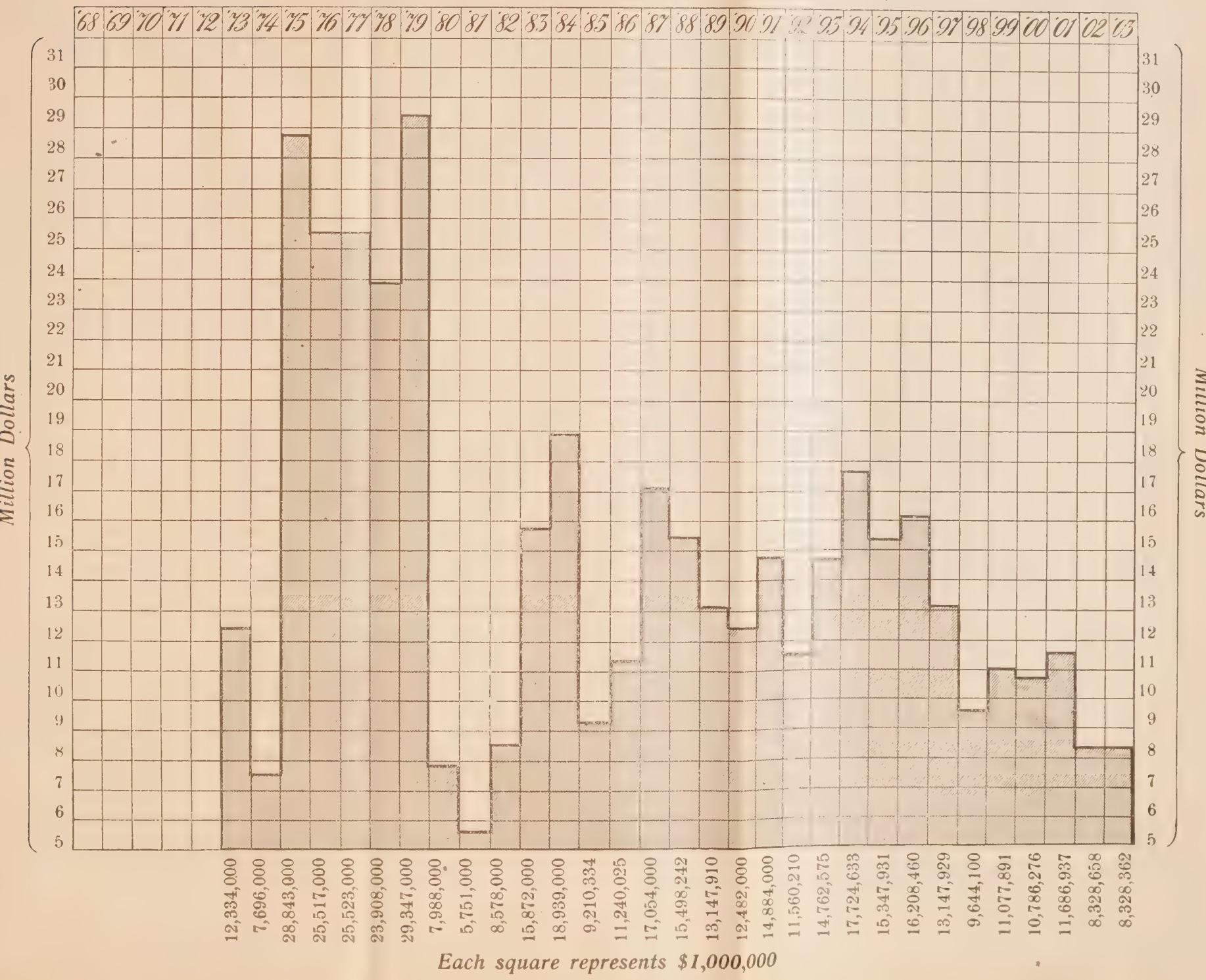


NO RETURNS

DOMINION OF CANADA

BUSINESS FAILURES (Newfoundland included to 1891 inclusive.)

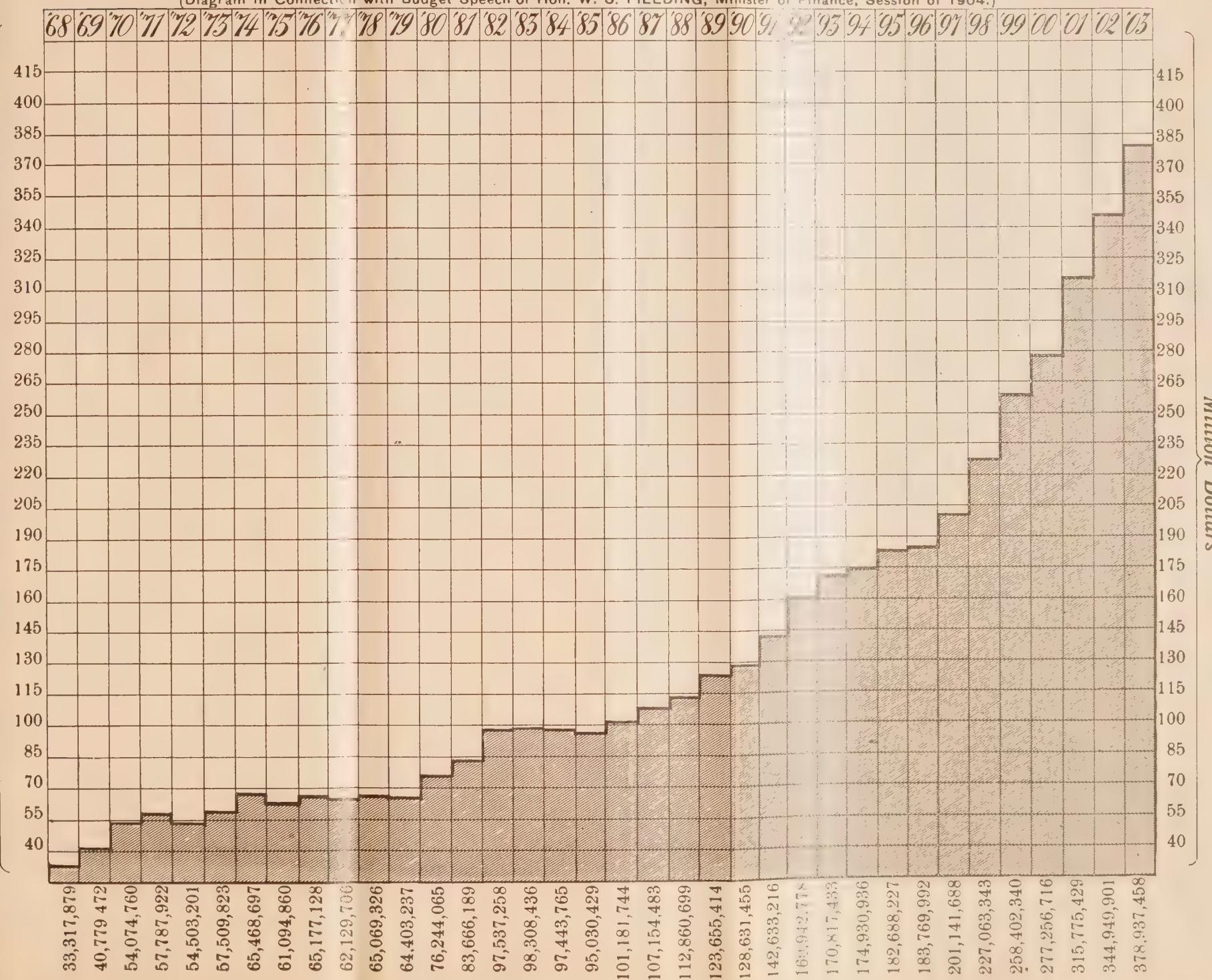
(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)



DEPOSITS by the PEOPLE in the CHARTERED BANKS of CANADA

JUNE 30th.

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance, Session of 1904.)



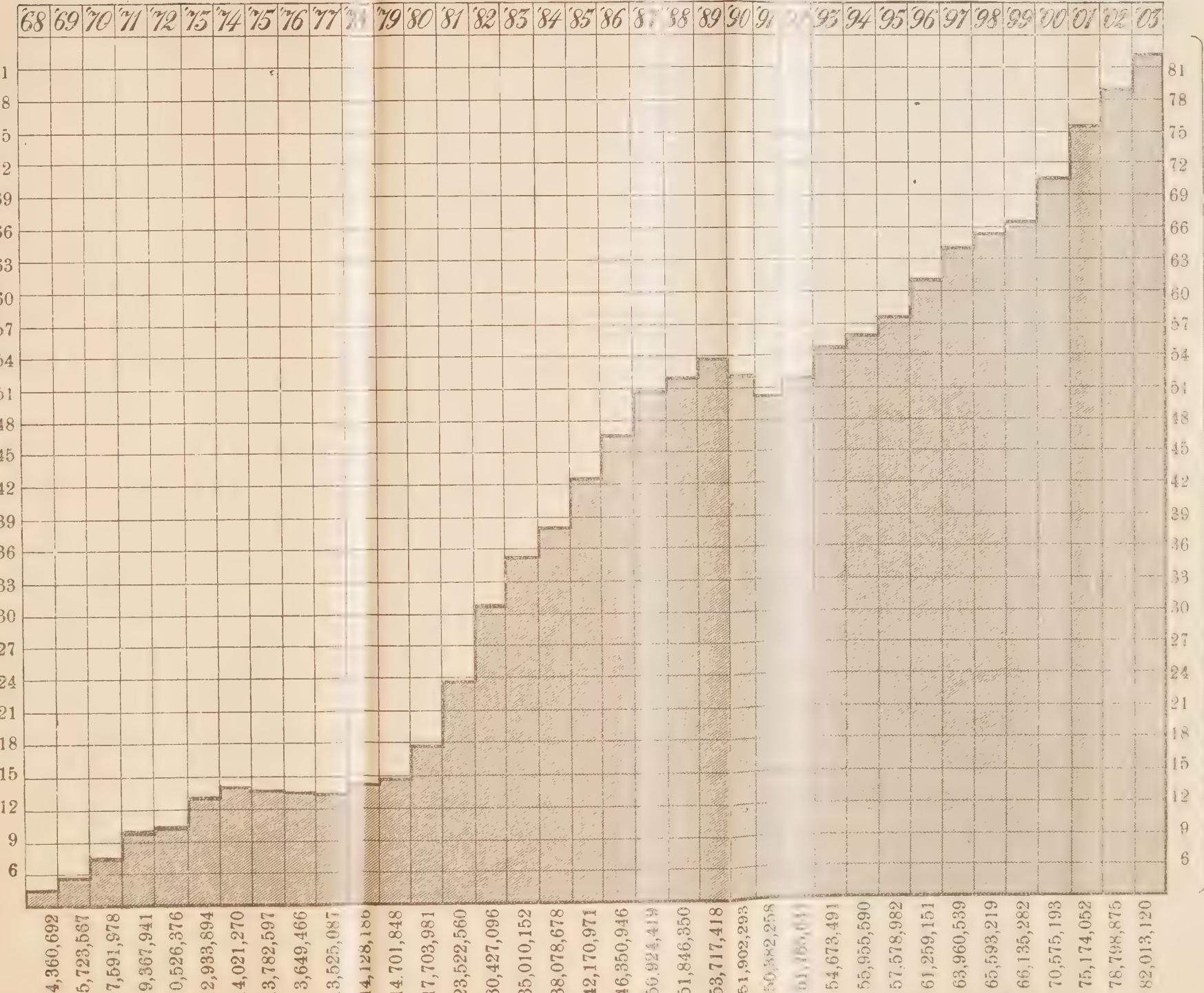
Each Square represents \$15,000,000

**DOMINION OF CANADA
DEPOSITS in SAVINGS BANKS of CANADA**

(Including City and District Savings Bank, Montreal, and Caisse d'Economie, Quebec)
on JUNE 30th

(Diagram in Connection with Budget Speech of Hon. W. S. FIELDING, Minister of Finance)

on of 1904.)



Million Dollars

DOMINION OF CANADA

DISCOUNTS

As shown by the Monthly Statements of the Chartered Banks of Canada, June 30th.

(Diagram in Connection with Budget Speech of Hon W S FIELDING, Minister of Finance, Session of 1904.)



Government
Publications

Government
Publications



Canada. Dept. of Finance
Budget speech

1897
1904

Government
Publications

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